THE Freeman

IDEAS ON LIBERTY

APRIL 1967

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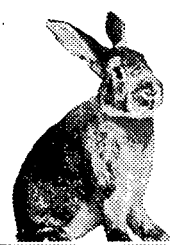

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THE FREEMAN APRIL 1967
Vol. 17, No. 4

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THE Freeman — A MONTHLY JOURNAL OF IDEAS ON LIBERTY

APRIL 1967 Vol. 17, No. 4

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A Youth Corps for America?

GEORGE CHARLES ROCHE III

WITHIN the past two years there have been several signs pointing toward the resurgence of an idea which the American people traditionally have refused to accept. The warmed-over idea centers on compulsory service for all young Americans. The pressures of the war in Vietnam, the growing protests over the draft, the problem of unemployment, especially among young people, and the tragi-comic results of Great Society experiments in the "War on Poverty" have combined to make compulsory youth service a topic of discussion once again.

President Johnson reopened the subject in a speech at the University of Kentucky in 1965, proposing "to search for new ways [whereby] every young American will have the opportunity – and feel the obligation – to give at

Dr. Roche is a member of the staff of the Foundation for Economic Education.

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least a few years of his or her life to the service of others in this nation and in the world."

As draft protest, unemployment, and the rest of the problems dogging the footsteps of the Great Society continued to mount in intensity, other more specific references to "public service" for young people began to be heard as well. In May, 1966, Secretary of Defense McNamara delivered an address at Montreal in which he admitted that the existing Selective Service System was unfair and largely unworkable: "It seems to me that we could move toward remedying that inequity by asking every young person in the United States to give two years of service to his country – whether in one of the military services, in the Peace Corps, or in some other volunteer developmental work at home or abroad."

Secretary of Labor Wirtz entered the field during November, 1966, with a "policy for youth" along the same lines. The *Washington Post* reported enthusiastically, "It could become a major weapon in the War on Poverty, is designed to remove inequities in the educational system and is an implicit deterrent to juvenile delinquency."[1] Specifically, Secretary Wirtz outlined a plan in which every eighteen-year-old American boy and girl would be compelled to register in a program which required two years of education, military service, community service, or employment.

Universal Military Training

Meanwhile, others were offering youth proposals of their own. Former President Eisenhower in September, 1966, told the nation that, while Chief of Staff of the Army, he had made every effort to establish a system of Universal Military Training for the United States, and suggested that UMT would not only solve the problems of the draft but would achieve a necessary degree of fitness and discipline among American youth. He stressed the disciplinary features of such a program: ". . . although I certainly do not contend that UMT would be a cure for juvenile delinquency, I do think it could do much to stem the growing tide of irresponsible behavior and outright crime in the United States. To expose all our young men for a year to discipline in the correct attitude of living, inevitably would straighten out a lot of potential troublemakers."[2]

While the former President felt

[1] Frank C. Porter, "Wirtz Broadens Youth Service Plan," *Washington Post*, Nov. 20, 1966.

[2] Dwight Eisenhower, "This Country *Needs* Universal Military Training," *Reader's Digest*, Sept., 1966.

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that such a program should be made compulsory for virtually all American boys, he made it clear that he would limit this compulsory training to formal military discipline and related matters, since he did not approve of offering an alternative such as the Peace Corps or a conservation corps.

A Draft Without Guns

Though the former Commander in Chief proposed to allow compulsion of all American youth only for purposes of military training, it soon became evident that other social planners had far more in mind for America's young people. Writing in *Saturday Review*, a Peace Corps official outlined the great social changes that might result from such a program:

> The young men and women coming out of high school are themselves a major undeveloped resource. They represent America's future. They need to be asked to give some kind of active national service. They need "to get the childishness knocked out of them, and to come back into society with healthier sympathies and soberer ideas," wrote [William] James. . . . They need to cross cultural frontiers, experience the outside world, and become world citizens, says Mary Bunting.[3]

[3] Harris Wofford, "Toward a Draft Without Guns," *Saturday Review*, Oct. 15, 1966.

As the public discussion of such compulsory youth programs progressed, it soon became evident that many of those advocating such programs had far more in mind than the mere solution of such problems as the draft and teen-age unemployment. When questioned concerning his proposal, Secretary Wirtz expressed a doubt that present inequities in the draft were any worse "than the unfairness of the way one boy or girl out of every two gets to college and the other one doesn't." Clearly, great social changes of a sweeping nature were being contemplated by the advocates of compulsory youth programs.

"Every Area of National Need"

While former President Eisenhower was willing to limit his proposal for a compulsory youth program to military training and such side-benefits in health or discipline as might accrue to American youth, his program was scarcely an opening wedge for more ambitious social planners: "Former President Eisenhower to the contrary notwithstanding, the Pentagon says it opposes Universal Military Training. What, then, are the nation's needs for nonmilitary service by young volunteers? The President says that volunteers are required in 'every area of national need,' especially

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in teaching, alleviating poverty, and conservation." Thus, Harris Wofford, a Peace Corps administrator, described what he termed an "historic opportunity." He went on to describe enthusiastically the day of compulsory national service which had already dawned in Israel and Ethiopia. "But it remains to be seen whether America — which, through the Peace Corps, has brought the idea of volunteering to world-wide attention — will now respond and turn to the Ethiopian innovation and the example of Israel. . . . Will Lyndon Johnson now tap it on a much larger scale? Will the administration that established 'escalate' as a word of war find ways to escalate volunteering for works of peace to a new level of practically universal participation?"

Urging that constructive peacetime assignments should be demanded of all, Wofford inquired, "Who is too tall to teach? Whose feet are too flat to be a tutor? Why shouldn't almost everyone be 1-A for national service?" Mr. Wofford pointed to the desirability of an expanded Head Start project, new educational programs of the Office of Economic Opportunity, new programs stemming from the White House Conference on Civil Rights, and an expansion of public education to four- and five-year olds. Where would the new teachers come from in this vastly expanded program? "With special training and supervision, hundreds of thousands of volunteers, supported by a Peace Corps-like subsistence allowance, could be the answer. To move toward universal early childhood education, we may need to move toward universal service."

Is education the only need which could be filled by a new program for American youth? If some Americans are too immature to fill a teaching position "...there are, however, needs . . . which younger volunteers could help meet. One of them might even involve washing dishes and clothes. Millions of working mothers, especially in poverty-stricken families, desperately need some system of day-care for their children. Volunteers just out of high school could be trained to provide this on assignments in homes or special day-care centers."

A Program with Teeth in It

It seems that once the exercise of political power is viewed as acceptable, the logic of social planning requires the exercise of that power over a larger and larger area of human affairs. As the Secretary of Labor remarked: "This country is probably more disposed right now to move ahead on the 'social welfare' front with stern-

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ness than with sympathy. The fact, whether attractive or not, is that concern about juvenile delinquency looms larger today in a good many people's minds than their concern about poverty – even though that may well be the cause of the delinquency. There is a cancer here, and the country is ready for surgery."[4]

Proponents of these youth programs have been referring to the process of "volunteering." Yet, the "voluntary" aspect of the plan always proves difficult to discover in practice. Secretary Wirtz admitted that serious thought was being given to making such a program compulsory: "It would be precisely those who present the most serious problems, both for themselves and for the community, who would fail to take advantage of any or all of the options which were offered them and their continuing derelictions and misdemeanors would make a new system seem not to be working even if it were in fact improving the general situation materially." Yes, America's young people would be "free to choose" among the options, but would be *required* to follow one of the alternatives outlined in the plan.

Once such "opportunities" are provided, it is a short step to insisting upon *everyone's* benefiting from the plan, *whether he wishes to do so or not.* Wirtz told an audience at Catholic University, "If I read the current national mood, and guess at your own reaction, it is that there has been too little done about people's not using the opportunity they already have." The *Washington Post* thought those words "presaged a possible shift of emphasis in the Johnson administration's whole social philosophy, regarded by some critics as overly solicitous and permissive, toward a hard-boiled insistence that the intended beneficiaries of governmental help make good use of it." The exercise of power seems to breed an appetite for the further exercise of power.

The potential dimensions of such a youth program are staggering. All young people, girls as well as boys, would be registered on their eighteenth birthday, or earlier if they have left school. Physical, mental, and psychological tests would be administered and used to help decide which of the various channels of "national service" *every American youth* would be compelled to enter. No one could be exempt; and in all probability many youngsters would find themselves directed on a course other than they might have chosen. What parent wants to see his child compulsorily enrolled in such a program?

[4] Porter, *op cit.*

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What Will It Cost?

One question that must be raised in any discussion of compulsory programs designed to enroll all American youth is the staggering cost of such a plan. Where is the money to come from? In recommending Universal Military Training, former President Eisenhower admitted, "I have no ready-made plan for financing UMT. I wish only to say that a big, powerful country such as ours could surely find a way to pay the bill."

Nor did Mr. Wofford provide direct answers concerning the financing of his nonmilitary compulsory youth program: "How much would such a volunteer service program cost? Not as much in a year as one month of the war in Vietnam. Not as much as doing nothing – as failing to mobilize the talents and labor of the younger generation. Not as much as hiring professional teachers or social workers or construction men – if we could find enough of them – to do what these volunteers could also do."

In other words, however expensive the program, its desirable goals would justify that expense. This is the plea always advanced by the advocates of any new extension of statist authority.

How would such a program be staffed? President Eisenhower's solution: "We could call in reserve officers for a time if needed, and I am confident that we could find the other necessary people if we had to – just as we did during World War II." *Just as we did during World War II!* A more total involvement of the national government in the private affairs of its citizens could hardly be imagined.

Before America embarks on such a gigantic raid on the treasury – and even more important, such a major intervention into the private lives of its citizens – the nation might ask itself how the present "youth programs," already under political direction, have prospered. For example, what of the Job Corps? One camp in the Midwest had 450 men as enrollees and more than 450 employees. Seventy employees worked directly with the Job Corpsmen, meaning that over 380 governmental employees were devoting their time to the "administration" of the work actually performed by the other 70.[5] This same camp treated the American taxpayer who was footing the bills for the entire affair to the spectacle of seven young Job Corpsmen committing sodomy against a fellow enrollee. Apparently, this is a simple mis-

[5] Don E. Cope, "It's What's Happening, Baby," *National Review*, Oct. 19, 1965.

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demeanor in the Job Corps, since five of the boys were allowed to return to their homes and the others to re-enter the program at the Job Corps camp. The statement of one of the hired counselors at the camp makes clear that thievery was common and discipline virtually nonexistent. Many of the young men ran away from the camp rather than participate further in what one of them described as a "man-made hell."

Meanwhile, the Neighborhood Youth Corps in the nation's capital reported that 75 per cent of the teen-age girls who had been members of the program became pregnant while enrolled. Officials of the program swung into action almost immediately after this item became public knowledge. One of the administrators announced that girls in the future would be urged to visit District Health Department Family Planning Clinics. He speculated, "Maybe we can't cut the physiological action, but we can cut the pregnancies."[6]

How much money does it take to produce such results? In the Job Corps, more than $7,300 has been spent to date for each man enrolled in the program! As many parents well know, that would go a long way toward putting a young man or woman through college.

[6] *America's Future*, Dec. 12, 1966.

Seeming Lack of Concern

How does it happen that such proposals can be publicized in our society, proposals with such disastrous results in the pilot projects, proposals of such fantastic cost, proposals with such totalitarian implications for our young people, and yet cause little if any public outcry?

The answer is a painful one for believers in limited government. An erosion of faith in constitutional limitations and personal freedom has so long continued that all proposed governmental actions are considered, not in terms of principle, but in terms of the solution of some "problem" or another. There are protests against the inequities of the draft? Then make the draft equitable by imposing service on *all* boys! There are "social problems" to be solved? Then extend the system to impress all of our young girls into service as well! Some parents and private organizations are "mis-directing" the accomplishments and training of our youth? Then remove that responsibility from parents and private organizations! Such is the prevailing thinking of our age.

The universal conscription of our young people for "social" goals may be so raw and blunt a foray into the private sector that it will not reach fruition at this time. But the trial balloons are up and

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such "social planning" surely lies ahead unless the direction of our thinking, not as a group, but as individual citizens and parents, is reversed.

Try Freedom

The disastrous record of coercion when it has been tried is well known. The productive and ennobling capacities of a society pervaded by freedom are equally well known. But there are none so blind as those who will not see. We must first train ourselves to think the problem through and apply the evidence already before us if any lasting changes are to be produced. The point is simple: Freedom works, if we will but allow it. Is teen-age unemployment a problem? Then remove the coercion of the minimum wage law and afford businessmen a chance to profit by hiring and training younger people. Protest against the draft is a problem? Then stimulate enlistment by hiking military pay and benefits enough to be competitive with the private sector.

Yet, such solutions seem beyond the planner's comprehension. When coercive legislation creates problems within a society, as eventually it must, the coercionist answer is always the same: apply more coercion. This is exactly what is proposed in the compulsory "social service" impressment of America's young people.

After urging a universal service program for youth, Secretary of Defense McNamara concluded his Montreal address with words far more appropriate to the freedom alternative than to the position he was advocating: "I, for one, would not count a global free society out. Coercion, after all, merely captures man. Freedom captivates him." ◈

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KEITH WOOD

MANY thoughtful people have become alarmed about the rapidly growing power of government. Those who have advocated government interventions have thought they had all the answers. Now their socialist chickens are coming home to roost. Every such scheme of government intervention has been tried and tried again – and almost without exception the failure has been a dismal one.

It has often been noted that a problem is close to solution once it has been clearly and adequately defined. As I have observed the problem from the vantage point of a free enterpriser, it seems to me that it can be expressed this way. People want to do things to uplift themselves or others. This altogether commendable desire has been widely encouraged by the teachings of our religious leaders. But as soon as we decide to do things for ourselves or others, we bump into a limitation of resources. Although some people have more resources than others, everyone has his limitations. Thoughtless or careless dissipation will soon exhaust the material means of anyone.

Now, finding ourselves in this situation, there are two things we can do: Each of us can do what he is able to do within his own limitations or he can seek to augment his resources by those of others. There is nothing necessarily wrong with the combining of resources to do a job. A great deal can be accomplished in this way; examples are all around us. The physical facilities of a church organization are a good example. However, when we decide to mobilize the resources of others to assist in carrying out our plans, there is one other choice we have to make. This is whether or not to rely on the voluntary help of other people.

The rawest forms of coercion are rejected by almost everyone. There are very few who think they should take a gun and hold up the

Mr. Wood is President of Wood Brothers Manufacturing Company of Oregon, Illinois. This article, condensed from a recent speech, expresses his concern over the growing tendency of organizations and groups to turn from voluntary to coercive methods.

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local bank in order to get the resources they think they need. But there is a way to do the same thing that has long been sanctioned by our society. This way is to levy a tax and hire a policeman to enforce its collection.

This, in my opinion, constitutes a perversion of the police power. Policemen and courts should protect us in our lives and the enjoyment of our private properties. Our private property is the fruit of our labor and it should be ours to enjoy as we see fit so long as we injure no other peaceful person. The policemen and courts should not be used to take from some to give to others or to take from all of us for the benefit of a privileged few.

This may seem like a radical doctrine, and it is today! However, it was well understood by the authors of our Constitution and the principle was quite well observed for the first century and a half of our country's existence.

There are no doubt many reasons for our failure to successfully support and defend the limited government our forefathers so wisely created. It seems to me that one of the main reasons for our failure has been the popular glorification of the idea of majority vote.

It is true that there are many things which must be decided by majority vote. There appears to be no other satisfactory way. But just because majority vote is a good way to decide some things doesn't mean that it is a satisfactory way to decide all things. A typewriter may be excellent for writing letters, but that doesn't make it a good adding machine! The limitation that should be put on majority vote is a moral principle. We should refrain from doing anything by majority vote that we would not have a moral right to do as individual people.

When this idea is taught, all kinds of practical objections occur to everyone. This is simply because violations of the principle are so widespread that we find it hard to imagine any other way of doing things. A good example is a public swimming pool as has been financed by taxes in many communities. Now a swimming pool is a wonderful thing. Our family has one. It has been a source of enjoyment to the neighbor's children as well as our own. It is fine for a community to have an adequate swimming pool. Still, it must be admitted that many children have successfully reached adulthood and many adults have successfully lived out their lives without ever going near a swimming pool. If exercise is desired, it can be had in other ways. If recreation is needed, the children can play baseball or football. There is nothing essential, then, about a swimming pool.

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However, in spite of its being nonessential, given the present frame of mind of the American people, there is little problem about getting a majority vote and levying the subsequent taxes to finance a swimming pool. By so doing, we require the elderly person who lives on a pension to pay part of the cost of the swimming pool. The widow who may hardly be able to support herself finds the taxes on her home increased.

This is usually accomplished by a simple majority vote of those voting – a very small minority of those who will pay the price. This is a process which seems to me to be immoral and unjust.

Are there alternative ways by which these things can be done? Of course, there are! Many communities raise funds by popular subscription for swimming pools. This method has been very successful and the promoters are not then burdened by any question as to the morality of their actions. Many country clubs provide swimming pools. In some communities, small groups of people get together to finance a pool for their mutual enjoyment.

It is difficult to convince people that this principle should be adhered to so rigidly. However, it is likewise hard to convince people that they should always be honest! Or that they should never steal! The laws of God are violated every day and many times. A principle, however, is not invalidated by our failure to observe it. The sound principles of a moral order are independent of our observing them. It is similar to the law of gravity – if we jump off a cliff, we'll land just as hard whether or not we believe in the law of gravity!

It is easy, of course, to be discouraged when actual society is compared to any ideal. How can we do things differently when particular ways have become woven into the pattern of our lives? This is not an easy question to answer except in one respect: each one, as an individual, can easily quit advocating the extension of government into any areas where government action is questionable.

We should have a well-financed police department for the suppression of crime. Our courts should be provided with adequate facilities for judging the cases which come before them. All citizens should cooperate with government in its legitimate function of preventing injustice. This work has nothing to do with swimming pools, parking lots, airports, renewal of blighted business areas, or the thousand and one other government interventions that disrupt our lives, destroy our security, and limit our opportunities.

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Frederic Bastiat, a French economist, statesman, and author who died in 1850, wrote a remarkable book called *The Law*. As a deputy to the legislative assembly, Mr. Bastiat opposed the socialism to which France was rapidly turning at the time. In the course of his opposition, he explained each socialist fallacy as it appeared:

This question of legal plunder must be settled once and for all, and there are only three ways to settle it:

1) The few plunder the many.

2) Everybody plunders everybody.

3) Nobody plunders anybody.

It is impossible to introduce into society a greater change and a greater evil than this: A conversion of the law into an instrument of plunder. What are the consequences of such a perversion? It would require volumes to describe them all. Thus we must content ourselves with pointing out the most striking.

In the first place, it erases from everyone's conscience the distinction between justice and injustice.

No society can exist unless the laws are respected to a certain degree. The safest way to make laws respected is to make them respectable. When law and morality contradict each other, the citizen has the cruel alternative of either losing his moral sense or losing his respect for the law.

These two evils are of equal consequence, and it would be difficult for a person to choose between them.

The nature of law is to maintain justice. This is so much the case that, in the minds of the people, law and justice are one and the same thing. There is in all of us a strong disposition to believe that anything lawful is also legitimate. This belief is so widespread that many persons have erroneously held that things are "just" because law makes them so. Thus, in order to make plunder appear just and sacred to many consciences, it is only necessary for the law to decree *and sanction it*. . . .

Law is justice. And it is under the law of justice – under the reign of right; under the influence of liberty, safety, stability, and responsibility– that every person will attain his real worth and the true dignity of his being. It is only under this law of justice that mankind will achieve – slowly no doubt, but certainly – God's design for the orderly and peaceful progress of humanity.

It seems to me that this is theoretically right, for whatever the question under discussion – whether religious, philosophical, political, or economic; whether it concerns prosperity, morality, equality, right, justice, progress, responsibility, cooperation, property, labor, trade, capital, wages, taxes, population, finance, or government – at whatever point on the scientific horizon I begin my researches, I invariably reach this one conclusion: The solution to the problems of human relationships is to be found in liberty. ◈

Frederic Bastiat's *The Law*, translated by Dean Russell, is available from the Foundation for Economic Education, Irvington-on-Hudson, New York, 10533. $1.00 paper; $1.75 cloth; quantity rates on request.

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The Moral Equivalent of Power

JOHN A. HOWARD

SOME twenty-five years ago a man died and bequeathed a small fortune to be spent in helping the people of other nations to understand the American way of life. The agents chosen to administer the funds were bright, conscientious folk and they went to work to carry out the intentions of the deceased. The task sounds simple enough when it goes by the first time, but it is an elusive object when one tries to apprehend it. After all, what is the American way of life, and how can it be explained?

After many months of seeking advice from experts and weighing carefully one project after another, the executors concluded that the more elaborate or grandiose the plan, the less likely it was to fulfill the purpose. Ultimately, they decided to make some movies about the everyday life of inconspicuous citizens, with the commentary available in many different languages.

The film followed a paper boy on his early morning route, and a milkman on his, as they left their deliveries on front porches and at apartment doors. A small town banker was shown at his desk discussing loans with farmers, and later, in his overalls, painting his front fence. There was a committee meeting of a service agency and some firemen playing baseball with the neighborhood kids.

Such scenes scarcely seem destined to make the blood boil with undying enthusiasm for the American way of life, but there are some messages here which you and I cannot read. We are blind to what we take for granted. We attach no special significance to

Dr. Howard is President of Rockford College, Rockford, Illinois. This is a condensation of his Convocation Address of September 21, 1966.

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whatever is commonplace in our own lives. However, in many nations, nobody would dream of leaving anything outside a front door, especially anything as desirable and as swipeable as fresh milk or today's paper. The readiness with which an American dirt farmer can obtain a loan for seeds, fertilizer, and machinery is a surprise to many peoples, but not half as astonishing as the vision of a banker doing manual labor. A view of public servants engaged in a children's ball game is likewise a jaw-dropper in those nations where a status position requires a rigid formality of behavior. But the real shocker in many foreign cultures today, as it was to the Frenchman, Alexis de Tocqueville, one hundred and thirty years ago, is the voluntary banding together of common citizens in a service agency to help their neighbors.

The films portrayed simple actions in the lives of trusting, helpful, friendly, unpretentious people. It was a benevolent society in the precise meaning of that word – benevolent, well-wishing.

Today many of us might see these films as the creation of a naive Pollyanna, or at least as the presentation of a distortedly favorable and falsely healthy American community. The festering sores of poverty, prudery, hypocrisy, human exploitation, and unfulfilled civil rights have been unbandaged and revealed in all their raw ugliness, and the public has come to look upon the general American as something less than healthy, if not outright sick. Actually, the executors of the bequests were not all that insensitive or indifferent to our social problems, but their charge was to convey what was *unique* about life in this country, and in that, I believe their work is still remarkably valid.

However, the qualities of American life which they highlighted are, it seems, waning. And it is to this point that I think we must attend today. Trustfulness, friendliness, helpfulness, and unpretentiousness seem to be yielding to suspicion, arrogance, aggression, and defiance. Power is becoming the dominant motive of our domestic relationships as well as our international ones – power sought and power wielded and power feared. We observe on all sides people trying to force others to behave differently. Alternate techniques of human interaction are being cast aside in favor of muscle and might.

Union Abuses of Power

In recent months we have seen union phalanxes running roughshod over the opposition, exerting

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brute power with apparent indifference to the consequences for the general public or even for the welfare of their own membership. A self-defeating newspaper strike in New York City eventually wrested some concessions, principally for severance pay, from those employer newspapers which survived the strike. In the same city, the public transport workers forced a new wage scale which the city officials confess they cannot pay without subsidy from other levels of government. The grounding of a number of major airlines extracted precedent-setting pay increases. Wholly apart from the millions of people whose livelihood was directly, and in many cases, very seriously curtailed by these work stoppages, the effects upon the nation were damaging beyond any possible justification.

The right to strike has been wholly accepted as a technique of the conduct of life in America. And yet this right has fostered the concentration of power to such an extent that a relatively small segment of the population can disrupt the entire economy.

The Federal government has likewise come into greater and greater power which it applies with increasing frequency. It has, in recent months, publicly threatened the banks and the Chicago schools and the producers of tobacco and aluminum and steel with the heavy guns of its economic arsenal to the point that the officers of an increasing range of enterprises candidly admit they can no longer express public opposition to the policies of the Washington Administration. When power is concentrated, freedom is threatened. When power is used, freedom is curtailed. A diminishing atmosphere of freedom would normally arouse the intellectual community to the defense of the victims, but, so far, the government has used its coercive weapons in behalf of objectives dictated by the intellectual community and the freedoms that have been abridged were those of "the enemy." The traditional defenders of freedom have either cheered or sat silent.

One Violation Becomes the Justification for a Chain of Others

This attitude on their part is, I am convinced, woefully shortsighted, for aggression begets aggression and feeds on itself. Successful strong-arm techniques used on one battlefield are quickly adapted by the storm troopers on another. The intellectuals who have been so willing to have the government overpower those who think otherwise are finding their own academic centers victimized by powerful assailants. If there is

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any truth to Professor Feuer's article entitled "The Decline of Freedom at Berkeley" in the current issue of *The Atlantic Monthly*, last year's student assault has already brought substantial devastation to one of the world's most renowned academic centers.

Force cannot be a legitimate weapon in my hands and an improper one in yours, if we are equals. Once force becomes the main instrument of public policy, all aspirants to anything are automatically licensed to intimidate and brutalize, if they can. One is reminded of an illustration used recently by Barbara Ward. "I would even go further and say in New Guinea, it is attractive to live in a village because every time you leave that village, you change your language and that gives you a perfect right to head-hunt in the next village. Well, obviously this is a very attractive way of running human affairs and this is what some people want to restore in Europe. What after all was 1914 and 1939 but the idea that your tribe can head-hunt in the next village?" We haven't yet returned to actual head-hunting, but we are aimed in that direction.

Civil Rights Plus Power

The civil rights movement has caught the disease, and has made the predictable progression from an original basis of limited, applied pressure to a spectrum of coercive action that includes outright terrorist tactics, leaving many of its most genuine and active participants confused and dismayed at the beast they have helped to nourish.

Perhaps you saw the article in *Look Magazine* reporting an interview with Lillian Smith, the author of *Strange Fruit*, who was one of the best-known backers of the Student Non-Violent Coordinating Committee. Miss Smith, gravely weakened by cancer, talked about her resignation from SNCC when it embraced the Black Power concept. She recalled an early warning she had made to the officers of that organization. "You're going to have the same temptation that Jesus and Gandhi had – the temptation of personal political power. You will want to get power in your own hands . . . You will want to stir people's hatreds."

As in the case of anybody that starts down the path of power tactics, the civil rights leaders have had to run faster and faster to keep ahead of their troops, procuring more devastating arms and making more sweeping demands to satisfy the power appetite they have generated. Napoleon and Hitler and Stalin, indeed, all tyrants,

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have been destroyed by the same self-accelerating pace of aggression.

In the Name of the Church

The national acceptance of force as the main technique for change is nowhere so startlingly manifest as in a statement printed in the July 31st issue of the *New York Times* signed by forty-eight members of the National Committee of Negro Churchmen. Their purpose is to help people comprehend the reasons behind the thrust for Black Power and to justify Black Power within a certain framework of understanding. The entire text is based on an assumption that "powerlessness breeds a race of beggars," and that it is only as power is placed in the hands of Negroes that they can achieve the actual role of complete citizens and the full dignity of human beings.

There is some reason to believe that instead of powerlessness breeding a race of beggars, power breeds a race of tyrants, but my point here is that these are Christian clergymen who declare that power in its coercive, leverage, intimidating sense, is essential to the full life of a citizen. It is my recollection that Christ at no time recommended or endorsed the use of force to accomplish any of his aspirations for mankind. His doctrine was a self-policing one. He did not urge that prostitution be prevented by law and stamped out by a constabulary. He directed the individual offender to go and sin no more. That half a hundred of Christ's prominent ministers would proclaim a human right to power in his name is, I should think, dramatic evidence of the degree to which coercive power is coming to dominate the hopes as well as the actions of all segments of our population.

The Process of Corruption

Now, there are some fundamental problems that may arise when force becomes the instrument of social interaction. I shall indicate only two. One is that however lofty the original motives of any power-wielding group, human nature is such that that power eventually seems to fall into the hands either of self-serving or self-righteous officers. On the one hand, the original slogans become hypocritical justifications for plundering the community and for gathering more power. On the other, the officers seek additional power in order to force their "enlightened" views on more and more people.

Perhaps you heard of the company president who called in an employee who had refused to sign up for the pension plan. "You sign or be fired," he declared. "I'll sign," was the quick response. "Well, why

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in blazes didn't you sign before?" demanded the boss. "Nobody explained it to me like this before."

Any person can readily compile his own list of corporate profiteers, or labor leaders, or government officials, or college executives, whose commendable motives, which brought them to positions of leadership, have yielded to the empire-building impulse and whose concern for their constituency has given way to the grinding and inhumane techniques of tyranny.

The degree to which the press for power leads to corruption of word and deed is dramatically illustrated in the Berkeley uprisings, and has been incisively analyzed by Ayn Rand in an essay entitled "The Cashing In." She observes:

> To facilitate the acceptance of force, the Berkeley rebels attempted to establish a special distinction between *force* and *violence:* force they claimed explicitly, is a proper form of social action, but violence is not. Their definition of the terms were as follows: coercion by means of a *literal* physical contact is "violence" and is reprehensible; any other way of violating rights is merely "force" and is a legitimate peaceful method of dealing with opponents.
>
> For instance, if the rebels occupy the administration building, that is "force"; if the policemen drag them out, that is "violence." If Savio seizes a microphone he has no right to use, that is "force"; if a policeman drags him away from it, that is "violence."
>
> Consider the implications of that distinction as a rule of social conduct: if you come home one evening, find a stranger occupying your house and throw him out bodily, he has merely committed a peaceful act of "force," but *you* are guilty of "violence" and *you* are to be punished.
>
> The theoretical purpose of that grotesque absurdity is to establish a moral inversion: to make the initiation of force moral, and *resistance* to force immoral – and thus to obliterate *the right of self-defense.* The immediate practical purpose is to foster the activities of the lowest political breed: the provocateurs, who commit acts of force and place the blame on their victims.

Force and Counterforce

The first problem inherent in the use of coercive power as a social instrument – the abuse of power by its agents – is a problem of human tendencies, albeit regularly recurrent tendencies. The second difficulty is an absolute and is always

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available to those who would use it in the situations where power is used to produce change. If any action is taken because of applied force, then the logical means for bringing about a counteraction is to amass an even greater counterforce. We watch with well-justified squeamishness as the thrust for Black Power provokes the counterthrust to quash Black Power. Aggression begets aggression and feeds on itself. Unless there is a massive and convincing repudiation of the strong-arm tactics in the field of civil rights, and in the arena of student demands, we can expect to see civil disorder spreading to every other point where issues are joined. When the accepted vehicle for social change is coercion, the destination is ultimately either absolute despotism or primitive, savage anarchy. In either case strength prevails, reason is superfluous and compassion an impediment. The rallying cry of the Berkeley Free Speech Movement, "Strike now, analyze later," is a monument to power gone berserk.

Let us remember that in the history of man, the usual condition of his life has been one of oppression. Tyranny has reigned over most peoples most of the time. We in this country have been blessed with a period of liberty and security and domestic tranquillity. It may be that our luck has run out – that it was only luck – that reason and good will are recessive human qualities and aggression the dominant one. It appears as if our society is not only tolerating force as the means of social change but encouraging and even demanding it.

Let Government Do It

What can be done about a tendency of society to rely on force to accomplish its ends? Man has long sought a moral equivalent of war. Our problem here is to move that target a little closer with, perhaps, a better chance of hitting it. What we need now is a moral equivalent of *power*.

In the first place, most civilized men have a natural reluctance, individually, to jam something down somebody else's throat. The use of force seems to grow in acceptability as it becomes the instrument of a committee or a group, or better yet, an even more impersonal agency, the law. It would be a strange paradox, but I suspect one could make a good case for the proposition that the law has become a substitute for morality. In any event, to avoid the circumstances which invite the use of more force, the efforts to produce social change must be undertaken by individuals or by the smallest possible group of human beings. Change undertaken by large groups or by government decree seems to neu-

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tralize moral impulses, to paralyze compassion and to evoke resentment and resistance. If it is possible to create within a society a moral equivalent of power, it must emerge from a decentralization, really an individualization of action. It will require what might be termed voluntary amelioration.

There is still much of the trusting, the helpful, the friendly, and the unpretentious in the American people, but it is being upstaged by the rioters and the power-seekers and the promisers and the mischief-makers who feed on unrest, and by the hysteria they create. Many well-intentioned people have been swept along by seductive slogans and have, perhaps thoughtlessly, lent themselves to new coercion and new aggression. We seem to be moving further and further toward a public reliance on force. History tells us unmistakably that that is folly.

The Challenge

What is needed is a new breed of young leadership which will find answers that do not create new tyrannies in eliminating old, which will apply the immensely satisfying human qualities of invention and compassion and stamina in attending to needed change and which will have the raw courage to damn the demagogues and the intelligence to discredit them.

Schweitzer said, "The tragedy of life is what dies inside a man while he lives." The same can be said of a civilization. Much of what has been best in our society seems to be dying in the process of trying to cure what has been worst. If we heal the sores and lose the soul, the zombie we will have left won't be worthy of survival. The irony is that those qualities of American living which have been our greatest glories can, I am certain, be directed to the successful elimination of the qualities of American living which have been our greatest trials. The moral equivalent of coercive power is already ours, at work in all those voluntary, trustful, benevolent acts and operations which have characterized the best in the American way of life. The task is to multiply the number of responsible centers of local initiative so that the needed changes can be effected with benevolent rather than brutal means and with increased understanding and cooperation rather than fear, resentment, and retaliation as the end result.

The Secretary of Health, Education, and Welfare, John Gardner, has noted that we are faced with a number of great opportunities brilliantly disguised as insoluble problems. The discovery of creative alternatives for coercion is certainly one of them. ◈

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LIBERTY'S DECLINE IN BRITAIN

GRANVILLE WILSON

NO ONE who loves liberty can afford to disregard what is happening in Britain today as basic freedoms succumb to socialism and an insatiable bureaucracy.

The British people have learned the basic lesson of socialism since the socialist government was elected in October, 1964. It is simply that socialism means controls, and controls grow by what they feed on.

However much they may try to disguise the fact when they are seeking votes at an election, socialists believe in controls. To them, a life without controls is a vacuum, an intolerable limbo to be filled by handsomely remunerated bureaucratic know-it-alls.

Mr. Wilson of England for many years has written on economic and political affairs for British and overseas newspapers and magazines.

At the center of the socialists' creed is their conviction that not only market forces but human nature itself can be altered by what the government calls its "prices and incomes policy."

It is widely believed, in both Britain and the United States, that the prices and incomes policy became necessary solely because of Britain's financial crisis, which occurred immediately the socialists took office in 1964. This is a mistake. The financial crisis helped to prepare the ground for the attempt to control prices and incomes, but the policy was worked out as long ago as 1958.

At that time, when the socialists were in opposition, they drafted a document called "A Plan for Progress." Of course, the plan

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did not call for a financial crisis; but everything else that has happened since 1964 dates back to that ambitious blueprint for the new socialist order.

The document pointed out that from 1955 to 1958 Britain's output growth virtually came to a stop, and that higher wages led to higher labor costs. The assumption which the socialists drew from this was that labor costs and prices rose not because of the demand for higher wages but because output growth was so small. In other words, restriction in production had increased prices. The same result, the document said, could be created by excessive spending power.

The broad conclusion which the socialists drew from these premises was that the growth of money incomes must be kept broadly in step with higher productivity.

The best laid plans began to go awry, however, as soon as the socialists came to power. To counteract the flight from the pound sterling the government borrowed $3 billion from the American Federal Reserve Bank and nine other central banks. The loan has to be repaid by 1970.

After more than two years of socialism the British people stubbornly refuse to increase productivity. It had been assumed that they would respond magnificently to the election of a "workers' government" by working harder, but they did not do so. Anyone but a doctrinaire socialist would have understood why: they were disillusioned by the fact that socialism meant bigger taxes and less take-home pay. This refusal to make socialism work as the planners had hoped led to the bitter comment by Britain's socialist prime minister, Harold Wilson, that many British workmen are afflicted by "sheer damn laziness."

Revolt Against Planners

The refusal of the British people to work harder for less, and the need to reassure Britain's creditors in the United States and Europe, were reasons why Britain's socialist planners decided to give the nation a massive dose of deflation and even more onerous controls.

Social historians will probably look back on the socialists' annual conference in October, 1966, as the five days which changed the British way of life forever. In those five days the planners killed off so many sacred political cows that the socialist movement resembled a Chicago stockyard depicted by the youthful Upton Sinclair.

To a background of angry shouts from workless men of

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"Traitor!" and "You are a disgrace to the party!" the planners remorselessly did to death in Britain:

- full employment,
- collective wage bargaining between trade unions and employers,
- the right of an employer voluntarily to increase the pay of any worker or group of workers.

The basic freedom of a worker to negotiate his pay with his employer has gone. Under the Prices and Incomes Act, trade unionists can be fined up to $1,500 or even sent to prison for striking.

Many trade union leaders are convinced that collective wage bargaining has been abolished in Britain for all time. It is widely assumed that in July, 1967, a National Wages Board will be set up to decide who, if anyone, qualifies for a pay rise, and the only function of the trade unions will be to cooperate in recommending a scale of priorities.

If that happens, the British trade union movement under socialism will have been reduced to a status not much more important than that of the trade union movement in Russia. It will have become a creature of the state.

Meanwhile, prices in Britain continue to rise while wages are virtually frozen.

Some socialist intellectuals who applauded the government's prices and incomes policy have begun to have second thoughts. The policy, they claimed, was justified because it halted wage inflation, and price control would tame the capitalists. Unfortunately, the intellectuals forgot to read the small print. In their enthusiasm for a measure designed to prevent wages and dividends from rising, they overlooked the fact that the government said that prices could rise if price increases were the result of the government's own measures in putting up taxes and increasing interest rates.

Thus, everyone is poorer at the same time that his freedom is diminished.

Criticism Unwelcome

Some British socialists have already begun to dissent from the measures taken in pursuit of socialism. They have no illusions left. The Tories claim that the government will have to set up concentration camps to accommodate all its opponents. That may be deliberate political exaggeration, and yet the history of socialism is full of persecution of former comrades who opposed authoritarianism.

Dissent may be the lifeblood of socialism when the party is in opposition, but it quickly loses its at-

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traction when the party comes to power.

When that happens, dissenters become a danger to the socialist idea, and their freedom to criticize is described as heresy.

By imposing the highest-ever taxes and the worst-ever credit restrictions, the socialist planners have begun to kill the private capital investment goose which lays the golden eggs. The Confederation of British Industry expects that private investment will fall 15 to 25 per cent during the next 12 months. During the same period profits are expected to fall 12½ per cent.

The Selective Employment (payroll) Tax alone is taking $2 billion a year out of private industry. This is about a quarter of the sum normally spent in private capital investment.

At the same time that private investment is drying up, public capital investment is soaring. Private businessmen have lost confidence, but the socialists are going ahead in finding more and more money out of taxes for the nationalized industries. By the middle of 1967, for the first time in British history, nationalized industries will be increasing their capital investment at a higher rate than privately-owned industries.

The significance of this is that by supporting nationalized industries liberally out of the taxpayers' money, the socialists will have succeeded in their aim of altering the whole basis of the British economy in favor of state-controlled concerns. For, as the British taxpayers know to their sorrow, a nationalized industry does not need to make a profit. Its losses can always be met by the imposition of bigger taxes.

Curbing the Press

Keeping step with the individual's loss of freedom is the threat which the credit squeeze poses to the whole of the British press.

The nation's newspapers and magazines are already in serious trouble. By the end of 1966, when consumer spending had been severely reduced and unemployment had soared to well over half a million, newspaper advertising appropriations had been sharply cut.

Some small newspapers and magazines have ceased publication because they lacked the capital to stand losses caused by the withdrawal of advertising, and even the bigger and wealthier newspapers are so reduced in size that they have become shadows of their former selves.

If the credit freeze lasts for another 12 months, it will hit Britain's press so hard that the restriction of choice will make a mockery of democratic freedom to

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read minority opinion. If that happens, financial stringency will have achieved what Nazi Germany's bombers failed to accomplish dur- six years of war.

At stake is nothing less than what John Milton, one of England's greatest poets, described more than 300 years ago as "the liberty to know, to utter and to argue freely."

We are being reminded forcibly in Britain today of Milton's famous words about what would happen if freedom of publication were to be lost. He warned: "We can grow ignorant again, brutish, formal, and slavish."

There are eleven major national newspapers in Britain, and seven of them are said to be running at a loss.

According to Lord Thomson, Britain's multimillionaire newspaper proprietor, who also owns newspapers in the United States and Canada, the economics of the newspaper business dictates that only four, or possibly five, of Britain's big newspapers will survive.

If that happens, millions of readers will be denied access to the kind of material they want to read. It is not a situation likely to make for a healthy and informed democracy.

The socialists seem quite unconcerned by the drying up of the sources of free expression. They have no particular love for the press, and they actively dislike the advertising industry, which they describe as parasitic and wasteful of money and effort. If the advertising industry disappears down the drain, there will be few tears shed among socialist planners.

Men of Outstanding Ability Flee the Socialist State

Britain's socialist government is, however, acutely worried by the rate at which so many eminent scientists and medical men are disappearing down the "brain drain."

One-third of the annual output from British medical schools is now emigrating to North America, Australia, and New Zealand, and even that high proportion could rise this year.

There is no doubt at all why Britain's scientific and medical brains are deserting their native country. They are fed up – with their pay, their working conditions, their diminished status under socialism, and their prospects.

British government spokesmen describe the emigrating brains as unpatriotic.

Those who are going, however, urge that they should be free to sell their brains to the highest bidder. They also consider it a basic freedom that a person

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should be able to move in search of better conditions.

That freedom may be diminished during the next few months. The British government is said to be considering a ban on foreign firms advertising in British newspapers and magazines for scientific and technical staff. This would cut off American scientific agencies, both government sponsored and privately owned, from their most promising source of material.

Just what this would mean to American aerospace and electronic companies has been described by Mr. William Douglass, a recruiting agent for big American and Canadian firms. He says: "There is no doubt that the scientifically trained man in Britain is vastly superior to his American equivalent. He has a much more specialized expertise which is most valuable."

The proposed ban will not only disappoint American scientific agencies, but it will infuriate all those British scientists who are desperately anxious to find freedom outside their native land.

British scientists concede that such a ban would slow down the brain drain, but they doubt whether, by itself, it would effectively block it. Unless the socialists ban emigration altogether, scientists say, a determined man or woman will always find a way.

The British fight for freedom has been going on for centuries. It is unthinkable that the spirit which animates it will ever be extinguished. ◈

IDEAS ON LIBERTY

The Ranks of Bureaucracy

IF EVERY PART of the business of society which required organized concert, or large and comprehensive views, were in the hands of the government, and if government offices were universally filled by the ablest men, all the enlarged culture and practiced intelligence in the country, except the purely speculative, would be concentrated in a numerous bureaucracy, to whom alone the rest of the community would look for all things: the multitude for direction and dictation in all they had to do; the able and aspiring for personal advancement. To be admitted into the ranks of this bureaucracy, and when admitted, to rise therein, would be the sole objects of ambition.

JOHN STUART MILL, *On Liberty*

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The PURPOSES of ANTITRUST

HAROLD M. FLEMING

THE BASIC PURPOSES involved in the enforcement of the antitrust laws of the United States – like those behind many other activities of the U.S. government – are obscure and in some cases contradictory.

These regulatory activities of "*the Government*," might be expected to reflect an emotionally integrated Higher Personality, at peace with itself and without serious inner conflict. But certainly in the antitrust activities, this is not so. The aims of the two enforcement agencies–the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice – are palpably confused. So are the laws. So is Congress. And so are businessmen.

There are broad reasons for looking into those purposes. The Sherman Antitrust Act has been called a part of the American "economic constitution." The enforcement agencies and the courts have vastly enlarged its meaning from the fairly simple and brief act of 1890 whose drafters were chiefly concerned with federalizing the common law about conspiracies and monopolies. So unambitious seemed the original concept that the House of Representatives passed the final version unanimously, 270 to 0; for some years after 1890 "the Sherman Act" meant the ill-fated Silver-Purchase Act of 1890; the original drafters of the Antitrust Act seemed unconcerned when it remained virtually a dead letter through the speculative merger-mania of 1901; and the present antitrust laws, as interpreted, would horrify Senator Sherman. For the genealogy of today's antitrust (as interpreted) runs back, not to Sen-

Mr. Fleming, for many years New York Business Correspondent of the *Christian Science Monitor*, is a prominent free-lance writer on business and economics.

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ator Sherman, but to Ida Tarbell, Teddy Roosevelt, Woodrow Wilson, Louis Brandeis, Wright Patman, and Thurman Arnold, not to mention Edward Bellamy and Thorstein Veblen. And many of *their* purposes were confused, conflicting, and confusing.

Today, the man-in-the-street may still think that "the Sherman Act" consisted of marching through Georgia, but not the businessman. The law, as interpreted, now touches almost every nerve of American business. It is a thicket, an obstacle race, a slalom, a mined field through which a corporation's lawyers must guide it. It is hard to tell what business transaction next may be found illicit.

One reason for this is the vagueness of the law today, as interpreted. Here is an example, as the Supreme Court sees it:

> A merger which produces a firm controlling an *undue* percentage share of the *relevant* market, and results in a *significant* increase in the concentration of firms in that market, is so inherently *likely* to lessen competition *substantially* that it must be enjoined. . . . (italics added)
>
> *U. S.* v. *Philadelphia National Bank*, 374 U. S. 321 (1963)

The underlined words have no precise meaning; nor can anyone define them legally except the Supreme Court.

The "Relevant Market"

The definition of the *relevant market* is a particular teaser. Whether one is charged with conspiring, monopolizing, excluding, foreclosing, or illegally merging, the question automatically comes up, "in relation to what market?"

In the important Cellophane case (*U. S.* v. *du Pont*, 351 U. S. 377, [1956]) the du Pont lawyers, rebutting a charge of monopolizing, argued that the relevant market was not cellophane, of which du Pont sold 75 per cent, but "flexible packaging materials" in general, of which du Pont sold less than 20 per cent. And the Supreme Court majority agreed.

But three Justices (Warren, Black, and Douglas) dissented, saying that cellophane was the relevant market and condemning the formulas both of "reasonable interchangeability" and of "inter-industry competition." Had they been a majority, this would have made du Pont guilty of monopolizing.

However, eight years later they *were* part of a Court majority which said that "we must recognise meaningful competition where it is found to exist. . . . Where the area of effective competition cut across industry lines,

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so must the relevant line of commerce. . . ." (*U. S.* v. *Continental Can Co. et al.*, 378 U. S. 441, [1964]) This decision broke up the merger of a large metal container maker and a large *glass* container maker.

The "Incipiency" Doctrine

Perhaps the broadest hunting license the antitrust laws give the enforcement agencies is the so-called "incipiency" doctrine. It consists in the two little words "may be," well known in courtship and politics. The Clayton Act of 1914 was written to "nip monopolies in the bud," that is, in their *incipiency*. So it banned quantity discounts, tying clauses, and the buying of competitors' stock "where the effect *may be* to substantially lessen competition." The legal meaning of "substantially" has in the last 30 years been whittled to almost nothing, but the "may be" has proved a little giant. It has even been compounded, in the current antimerger drives, to "incipient incipiency," proscribing acts the effect of which "may be" to produce results the effects of which "may be . . . ," and so on.

To "incipiency" the antitrust enforcers imaginatively have added a "potential competition" concept. The idea is that if, for instance, two firms join in a new venture, they substantially lessen competition because one might have gone in and the other have stayed out and so constituted *potential* competition. Thus said the Supreme Court in 1964:

> . . . a finding should have been made (by the trial court) as to the reasonable probability that either one of the corporations would have entered the market by building a plant, while the other would have remained a significant *potential* competitor. . . . (italics added)
>
> *U. S.* v. *Penn-Olin Chemical Co.*, 378 U. S. 158 (1964)

Promotion of Competition?

With all this weaponry available, what are the purposes of the antitrust laws?

The first sentence of the Report of the Attorney General's National Committee to Study the Antitrust Laws had an answer:

> The general objective of the antitrust laws is promotion of competition in open markets.

This Report, dated March 31, 1955, is the last word in an ambitious effort to appraise, review, and make recommendations on the antitrust laws. There has been nothing since of the sort. Sixty members, chosen from the leaders of the antitrust bar and aided by the heads of Antitrust and the

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FTC, worked nearly two years on the report, "to prepare the way for modernizing and strengthening our (antitrust) laws," as the President wrote at the time.

Strange to say, perhaps, the word "competition" is not in the Sherman Act of 1890. Supreme Court Justice Holmes so noted in his Northern Securities (1904) dissent:

> The court below argued as if competition were the expressed object of the act. The act says nothing about competition. I stick to the exact words used. . . .

And if, by "competition," as in the Attorney-General's Report, is meant "hard competition," there is probably good reason for the word's absence from the Sherman Act. In those days many people considered competition an almost unmitigated evil, to be coped with by price agreements, pools, trusts, mergers, combinations – and laws. Thousands of firms were put out of business by the industrial transformation brought by rail and wrought by steel. Edward Bellamy, perhaps the most influential writer of his day, in his *Looking Backward,* remarked that

> . . . competition, which is the instinct of selfishness, is another word for dissipation of energy, while combination is the secret of efficient production.

Senator Hoar, a year after helping draft the Sherman Act, opined that a common sales agency could quite legally maintain a reasonable price if its object was "merely saving the parties from destructive competition with each other."

The Clayton Act (1914), urged by President Wilson along with the Federal Trade Commission Act, certainly wasn't written to enforce hard competition; and the Robinson-Patman Anti-Price Discrimination Act of 1936, aimed at the new grocery chains, all but outspokenly was intended to soften competition and has been so used. The trend since then was neatly summed up a few years ago by an astute British observer who noted that "there is an element of underdoggery in the (American) antitrust laws. . . ." (A. D. Neale, *The Antitrust Laws of the U.S.A.*, Cambridge University Press, 1962. p. 461)

A Handicapping Process

Evidence of the law's being used for the purpose of blunting competition is increasing in the 1960's. Inherently, it is a process of handicapping larger competitors in favor of smaller ones. It appears, for instance, in the FTC's newly fashionable "deep pocket" theory, which frowns on the entrance (by merger or acquisition) of a large firm into an

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industry carried on by small firms. It appears in discussion of the touchy subject of whether the law should prevent injury to *competition* or injury to *competitors* – a subtle difference in theory but a big one in practice, since the injured competitors are always seen as smaller ones.

Perhaps the most striking instance in this decade was in the aftermath of the electrical equipment conspiracy. After the sentencing of several of the conspirators to jail, the Department of Justice presented the companies involved with a consent decree for their signature, in which they were to promise not to sell at *unreasonably low* prices – on pain of contempt of court. (This would protect the weaker competitors from such stronger ones as GE and Westinghouse). This was in broad principle what their employees had just been jailed for.

Whether Competitors Are to Be Preferred Over Competition

Many people are confused, and many volumes have been written, because principle and practice are so at odds. An interesting straddle was made by the Chief Justice of the Supreme Court in a 1962 decision where a shoe manufacturer's purchase of a retail shoe chain was condemned because it might lead to concentration which might lead to a "substantial lessening of competition." Said Chief Justice Warren:

> Of course, some of the results of large integrated or chain operations are beneficial to consumers. Their expansion is not rendered unlawful by the mere fact that small independent stores may be adversely affected. It is competition, not competitors, which the Act protects.
>
> But we cannot fail to recognise Congress' desire to promote competition through the protection of viable, small, locally-owned businesses. Congress appreciated that occasional higher costs and prices might result from the maintenance of fragmented industries and markets. It resolved these competing considerations in favor of decentralization. We must give effect to that decision.
>
> *Brown Shoe Co.*, v. *U. S.*, 370 U. S. 294 (1962)

Commenting on this much-quoted tour de force, a Yale professor of law said:

> No matter how many times you read it, this passage states: Although mergers are not unlawful merely because small independent stores may be adversely affected, we must recognise that mergers are unlawful when small independent stores may be adversely affected.
>
> *Robert H. Bork*, speech before National Industrial Conference Board, March 3, 1966

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The "Social-Purpose" Theory

A hearts-and-flowers accompaniment to the use of antitrust as a safety net for small business has come into fashion since World War II. It is generally attributed to Judge Learned Hand in the Alcoa case:

> Throughout the history of these statutes it has been constantly assumed that one of their purposes was to perpetuate and preserve, *for its own sake and in spite of possible cost*, an organization of industry *in small units* which can effectively compete with one another. (italics added)
>
> *U. S.* v. *Aluminum Company of America*, 148 F.2nd 416 (1945)

The Supreme Court liked this decision so much that it quoted much of it shortly afterward in the Tobacco case; but some people said Judge Hand invented the above theory. He didn't. Fifty-three years earlier the Supreme Court of Ohio, in ordering the breakup of the Standard Oil trust in that state, gave as one reason:

> A society in which a few men are the employers and a great body are merely employees or servants is not the most desirable in a republic; and it should be as much the policy of the laws to multiply the numbers engaged in independent pursuits . . . as to cheapen the price to the consumer.
>
> *State* v. *Standard Oil Co.*, 49 Ohio 137 (1892)

And this has pretty much become antitrust dogma; so much so that Supreme Court Justice Harlan, dissenting from a recent anti-merger decision (all high-court merger decisions are antimerger) remarked that it amounted to

> a presumption that in the antitrust field good things come usually, if not always, in small packages.
>
> *U. S.* v. *First National Bank & Trust Co.* of Lexington, 84 S.Ct. 1033 (1964)

Though this "social-purpose" doctrine might have seemed compatible with the principles of economics prevailing in 1892, it is hard to take seriously now, 75 years later, except as one more argument to reinforce the case for antitrust protectionism in general. It is unhappily reminiscent of New Delhi's economic restrictions in favor of cottage industry. It certainly would imply a forcible and disastrous transformation of the American economy – whether backward to horse-and-buggy days or forward to some utopia as yet without form and void, is quite unclear.

More Fun! More Skulls Crushed!

These implications of the social-purpose doctrine throw a pin point of light on one of the key purposes to which, certainly for the last 30 years, the antitrust laws have been turned, namely,

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social and economic destruction.

The Antitrust Division, after winning the breakup of Standard Oil, the Duke tobacco combine, the du Pont powder trust, and a few other combines, failed in 1916 to break up the American Can Company, in 1920 U. S. Steel, and in 1927 International Harvester.

A lull followed; but in the 1930's, during and after the T. N. E. C. hearings, there was new talk about "fragmentation" and "atomization" of American industry, and a hurricane of cases followed.

Among the first was an attack on over 300 oil companies, seeking so many changes that the industry called it the "Mother Hubbard" case (like a large loose gown). One plea was for a breakup of the industry into its four major components, production, transport, refining, and marketing.

This case was postponed at the request of the defense authorities and was dropped in 1948 as entirely too unwieldy, but was succeeded by the "West Coast" case, where divorce of marketing, among other forms of industrial mayhem, was asked — and refused by the court.

Meantime, the Antitrust Division attacked and sought the breakup of Alcoa and of the Great Atlantic & Pacific Tea Company, and in 1948 it sought the breakup of the four then largest meatpackers into 14 companies. The courts refused breakup of the first two, and the Division dropped the meatpacker case when the court refused to hear testimony going back more than 20 years.

But in 1947 the Division brought a civil suit against 17 investment banking firms — a business which had already been under regulation by the Securities and Exchange Commission since the Securities Act of 1933. The case eventually ran to a court record of over 100,000 pages, cost the defendants over $4 million, and resulted in a 417-page verdict by Judge Harold Medina dismissing the case and commenting that the Justice Department had been led astray "by a fundamental, factual misconception of the way investment bankers in general function."

The Division also had sought to unlimb American Telephone of its manufacturing subsidiary, Western Electric, finally settling for a consent decree merely requiring Telephone to give away ("dedicate to the public") 8,600 patents. Then the Division, having obtained a Sherman-Act conviction of United Shoe Machinery Corporation for monopolizing, asked for its breakup into three companies, though it had only one plant. Judge Wyzanski refused.

In the fall of 1952 the Division

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brought charges of criminal conspiracy against the five major oil companies doing business in the Middle East, while a civil case was brought against them for overcharging the Marshall Plan agency by $67 million for oil. The overcharge case was scathingly dismissed by both trial and appeals court; and the inflammatory "international petroleum cartel" case, after scandalizing the companies' names in the Middle East, was quietly settled with three of them, and the other two cases are still, in 1967, dragging on "in discovery."

The "29-Company" Oil Case

In the spring of 1958, following the American oil industry's million-barrel-a-day emergency oil lift to Europe during the Suez crisis, the Antitrust Division, under Congressional pressure, obtained a bare-majority Grand Jury criminal indictment of a selected group of oil companies for allegedly conspiring to raise crude-oil and gasoline prices. After 18 months of pawing over a million or more company documents, the Division presented a case which in eight days broke down into courtroom absurdities, and the companies were acquitted without being required even to present their defense. Cost to the government, $2,500,000; cost to the companies, an estimated $7,500,000.

The Federal Trade Commission over most of the 1950's was quixotically trying (perhaps) to cure the gasoline business of its price wars with a confusing series of economically absurd price discrimination charges in Jacksonville, Birmingham, suburban Atlanta, and Norfolk, Virginia. Finally it gave up, dismissed the charges, held a big hearing, and promised to publish some "guidelines," which, however, have not yet been published.

All this time the Antitrust Division was intermittently trying to "export the Sherman Act," in the process hampering American business abroad, annoying the State Department, and riling foreign courts.

What would have happened if Antitrust and F. T. C. had won the above-mentioned cases, is anybody's guess — the agencies had no proposals. There is an inkling in a remark of Judge Carter in the West Coast oil case when he refused to order the companies to sell off their marketing operations:

> You cannot unring a bell. I am convinced that the dislocations that would occur would be of such nature that I don't think we can fully imagine or comprehend with any accuracy what would be the result.

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At present the F. T. C. and the Antitrust Division are quietly obstructing the modernization of the structure of the banking, dairy product, beer, cement, shoe manufacturing, and other industries, and the growth of the new multiple-market and multiple-product diversified companies.*

Political Instead of Economic Power

It is hard to see how such a course of conduct, of which the above is only an abbreviated sketch, can add up to any major purpose except that of destruction and obstruction in the use of the antitrust laws. And to cap it all, the enforcement agencies have for decades been saying in effect that though the heavens and earth shall pass away, the antitrust laws (as interpreted) must be enforced. Said a chief of the Antitrust Division in 1964:

> . . . the view that the antitrust laws may hamper the growth of the economy may or may not be valid, but it is irrelevant under our present laws.
>
> *William Orrick, Jr., Dun's Review and Modern Industry*, June, 1964

John Jewkes observed in *Ordeal by Planning* that,

> The normal procedure is for the planners first to seize power, and only later to consider what should be done with that power.

A major concern of the antitrust authorities is the alleged economic *power* held by large private companies. It is often called "monopoly power," and has, theoretically, a sort of free-floating existence, intently discussed in antitrust literature but curiously unreal to businessmen.

The following, though penned by a minority member of the Attorney-General's Committee, expresses one of the major *purposes* in present official antitrust policy. He said that Antitrust

> . . . performs the function of keeping governing power in the hands of politically responsible persons. Power to exclude someone from trade, to regulate prices, to determine what shall be produced, is governing power. . . . In a democracy, such powers are entrusted only to elected representatives of the governed.
>
> *Louis B. Schwartz*, quoted on page 2, Attorney General's Report.

Supreme Court Justice William O. Douglas wrapped it up in his dissent in the Columbia Steel case:

> Industrial power should be decentralized. It should be scattered into many hands, so that the fortunes of the people will not be

*Britain has long had but six banks, while the United States has perhaps 10,000; but the Antitrust Division says that to merge some of these would do harm that would "clearly outweigh in the public interest" the prospective benefits to the "convenience and needs of the community" (Bank Merger Act of 1966) but it objects to having to prove this.

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> dependent on the whim or caprice, the political prejudices, the emotional stability of a few self-appointed men.
>
> 334 U. S. 495 (1948)

(He was talking about the executives of U.S. Steel Corporation, but, except for the penultimate two words, some people might read it to be about the Supreme Court itself.)

But the "scattering" of power "into many hands" is not what is happening – nor what the Supreme Court is doing. The power it is taking, or trying to take from the larger private companies, it is giving to the enforcement agencies.

Said former Attorney General Nicholas deB. Katzenbach a year ago, commenting on the Antitrust Division's perfect score in its recent antimerger cases:

> We have had so many Supreme Court decisions in the merger area that it has been hard for us to digest them. . . . It may be that we have, from the point of view of business, more power than is necessary or essential to the carrying out of an intelligent merger policy.
>
> I am inclined to believe that we may be able to block more mergers than it makes economic sense to block.

The current rapid accrual of economic power to the antitrust enforcement agencies, barely sketched above, was perhaps anticipated by Lowell B. Mason, former chairman of the F. T. C., in his *Language of Dissent,* when he wrote:

> In this country no one need fear the belted, booted, and uniformed outfit. . . . The man to watch is the man in the brown tweed suit. Mild, courteous, and scholarly, he has no badge, no boots, no gun, no warrant. All he has is a little identification card in a cellophane holder, issued by an institution that is investigator, grand jury, prosecutor, petit jury, and judge—all for one and one for all. ◈

IDEAS ON LIBERTY

The Invisible Hand

BY DIRECTING that industry in such a manner as its produce may be of the greatest value, he intends only his own gain. . . . He is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. . . . By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it.

ADAM SMITH, *The Wealth of Nations*

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THE CONTROL OF WAGES AND INCOMES IN BRITAIN

GEORGE WINDER

SOME FORM of socialism is assured once a country accepts an inconvertible currency as its monetary medium. Its money either will lose all value, as it did in Germany and several other European countries between the World Wars, or it will be "saved" only by drastic governmental action involving all the rigors of socialist authoritarian rule.

Britain is slowly realizing this fact. The British pound over the past twenty years has been losing value at about twice the rate of the American dollar. Such inflation is reflected, of course, in constantly rising wages, which leads many persons to demand government control of wages to halt further price rises. That notion originated among Keynesian economists, but is welcomed by socialists who see in it a means to their ends. Naturally, they would insist that if wages are to be controlled, then prices and profits must also be controlled.

Though many of the British people found this new policy opposed to all their previous ideas, they gradually came to accept it as a way to achieve a stable pound. Mr. Macmillan, the Conservative Prime Minister, had failed on several promises to end the inflation. Why should the socialists, under Mr. Harold Wilson, not be given their chance?

The socialists had come to power at a time of crisis in Britain's foreign trade, when it was imperative to reduce costs and so strengthen the value of the pound. Their first attempts were half-hearted. They cut defense esti-

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mates and increased taxation, a notable example being a surtax on all manufactured imports. But, in their first two years of office, government spending rose 24 per cent, from 6.8 to 8.5 billion pounds.

In mid-1966 the pound was being supported not only by the International Monetary Fund but also by the leading central banks of the world. The socialist government took this opportunity to impose on the British people its new policy of control of wages, prices, and incomes. For the first time since the Statute of Labourers in the fourteenth century, all wages were under the complete control of the government. It had prepared the way by persuading the Confederation of British Industries and the Trade Union Congress to consent to an Early Warning System by which all increases in wages and prices were to be referred to the National Board of Prices and Incomes. The Trade Union Congress had been promised that any increases in profits or dividends were to be similarly screened.

"Voluntary Cooperation" Under the Power of Coercion

This unusual system of persuasion began with no positive Act of Parliament to make it legally effective. But the intensification of the crisis allowed the government to pass through Parliament its Prices and Incomes Act with the necessary authority for control.

The Act ordered a general standstill (freeze) on all wages, prices, and incomes, to last until the end of 1966 and to be followed by six months of "severe restriction." The fiction of voluntary enforcement was kept alive but it was only a short time before the government invoked its power of coercion: "Although the Government has been obliged to bring Part IV of the Prices and Incomes Act 1966 into operation, they hope that severe restraint will be observed on a voluntary basis, and that the same general responsible attitude which has marked the period since 20th July will continue. The Government will use their statutory powers for the sole purpose of ensuring that the voluntary support of the majority is not undermined by the actions of a few." This is very much like the Sergeant Major's demand for volunteers . . . or else.

All incomes derived from employment and every other type of income, including professional fees and dividends, are thus made completely subject to government control. The Act provides for a fine of £500 or more for any employer who contravenes its provisions by paying over the stipu-

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lated wage rate — *for paying too high a wage!*

According to a government White Paper: "It is not expected that there will be any general increase in dividends during the next twelve months. Nevertheless, all company distributions, including dividends paid by companies, are subject to the standstill and should not be increased during the twelve-month period." As to wages: "The standstill to the end of 1966 is intended to apply to increases in pay and to reduction in the working hours . . . . During the six-month period of severe restraint (i.e., the first six months of 1967) the criteria for consideration of new proposals for pay and hours will be more stringent than those set out in Part I of the White Paper on Prices and Incomes Policy and for the time being the income norm must be regarded as zero. The guiding principle must be that of national economy and social priorities."

All long-term contracts for increased wages were at the same time canceled: "It will clearly have been inequitable to introduce a standstill on incomes while allowing these existing commitments to go ahead unchecked."

It is highly probable that the prices and incomes period of severe restraint will be extended indefinitely. Many people foresee that as Britain abandoned international free trade during the financial crisis between the two wars, so she will abandon the system of free enterprise during the present crisis. As one White Paper warns: "During the coming months, the Government will consult with interested parties about the best way of carrying forward the productivity, prices and incomes policy after June 1967."

There can be little doubt that this policy is not merely to meet an emergency, but envisions a scheme of redistribution to be imposed on Britain for as long as the Socialist government lasts.

Opposition from Left and Right

Strangely enough, although the government has obtained the consent of the Trade Union Congress to this policy, many trade unions strenuously oppose it. Mr. Frank Cousins, former Minister of Technology, has resigned over this issue, though it cannot be said that those trade unions which support him are particularly interested in freedom; they merely want the power to bargain for their own wages, whether there is increased productivity or not.

One stout defender of free enterprise among the Conservatives is Mr. Enoch Powell. He is constantly condemning Labour's policy and showing the extreme dan-

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gers of its implications. He advocates, as a remedy, the freeing of exchange rates so that the British people will know the true value of their pound. The remainder of the Conservatives, of course, are against inflation; but this did not help the pound when they were in power. They failed to advocate a balanced budget or anything else resembling fiscal responsibility.

The believers in free enterprise have been led into a trap by this constant inflation. If they do not now agree to Labour's prices and incomes policy, the pound will lose all value; and if they do agree, they must give the government unlimited power over the economy and their own freedom of choice.

The pressure of the trade unions might eventually release wages from control; but dividends would continue to be decided by the government "in the national interest" and to meet "the claims of social needs and justice"—as though it were the sole judge of these things.

The only policy which can prevent socialism's entry by the back door in this manner is to see that a country's money is sound. ◈

IDEAS ON LIBERTY

French Inflation, 1789-1799

NOW BEGAN to be seen more plainly some of the many ways in which an inflation policy robs the working class . . . the classes living on fixed incomes and small salaries felt the pressure first, as soon as the purchasing power of their fixed incomes was reduced. Soon the great class living on wages felt it even more sadly. . . . the demand for labor was diminished; laboring men were thrown out of employment . . . the price of labor . . . went down . . . . Working men of all sorts were more and more thrown out of employment.

ANDREW DICKSON WHITE, *Fiat Money Inflation in France*

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The GAP between Earning and Receiving

WILLIAM HENRY CHAMBERLIN

THERE WAS A TIME, within the memory of living men and women, when what an American earned was his to keep, subject to the payment of moderate Federal and local taxes. And, as a corollary, the American was supposed to pay his rent and medical expenses and make reasonable provision for his old age. This was economic capitalism – or individualism, to use a more accurate word; it was a simple and understandable system, and it was admirably calculated to promote hard work and individual responsibility. The state stayed off the back of the taxpayer and, in turn, expected him to look out for the present and future needs of himself and his family.

Now, scarcely a trace of this system remains. Because of enormously increased Federal, state, and local taxes and because of the growing burden, on the productive part of the population, of withholding levies for various welfare programs, the gap between what a man earns and what he receives, between his nominal wage or salary and his "take home" pay, has steadily widened. Take someone who earns $150 a week, an average rather than a high salary in this age of shrunken and shrinking dollars. After deductions for Federal and state taxes and for so-called social se-

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curity levies, very heavily increased this year because of charges for Medicare, an earner in this bracket receives less than $115 a week, a bite of almost 25 per cent of what he is supposed to earn.

This is distinctly a growing trend. The amount deducted from wages and salaries is higher this year than ever before, even during the years of World War II. An ingenious mathematician with a computer, equipped with statistical information on the probable growing cost of the programs authorized by the late spendthrift Congress, might be able to calculate that the state's lien on the earnings of the productive by some future year, say 1984, might swallow up such a proportion of these earnings as to tempt the recipient to apply for public relief in order to subsist.

It Happened Before and Can Happen Here

Do not think this is an exaggerated, alarmist picture. It has happened before in rich and prosperous states, and it can and most probably will happen here, unless the people find some effective means to check and reverse the two parallel trends that are making the phrase, "independent middle class," more and more of a mockery. These trends are the proliferation of bureaucracy at all levels and the ever enlarging encroachments of bureaucratic spending agencies on the earnings and reserves of producers. The state of affairs in the Byzantine Empire under the reign of Justinian, described in George Finlay's *Greece under the Romans,* flashes a warning for us:

> At last the whole wealth of the empire was drawn into the imperial treasury; fruit trees were cut down and free men were sold to pay taxes; vineyards were rooted out and houses were destroyed to escape taxation. The increase of the public burdens proceeded so far that every year brought with it a failure in the taxes of some province, and consequently the confiscation of the private property of the wealthiest citizens of the insolvent district, until at last all the rich proprietors were ruined and the law became nugatory.

The law to which reference was made had established collective responsibility for the payment of taxes. But, it is not necessary to look to the empire of Justinian to find houses being destroyed because of inability to meet tax burdens. In the Mt. Desert region of Maine, with which I am familiar, and no doubt in other districts, it is not uncommon to find inns and large private houses torn down because the owners have found the taxes too heavy to pay.

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Pay as You Earn

There are several reasons for the substantial and rapid growth of the gap between what one earns and what one is allowed to retain. A big contributory cause, and a demoralizing development on several counts, was the institution, during World War II of PAYE, the abbreviation for Pay As You Earn. Previously, the taxpayer paid his tax at the end of the fiscal year and knew exactly what the Federal and state governments were costing him. But with PAYE the practice developed of deducting from the pay check Federal tax, state tax, and an assorted variety of social insurance payments. As a consequence, the typical taxpayer has scarcely any idea what he is obliged to pay on these various counts.

It would be a gain for financial realism and clarity if the taxpayer were given the full amount of his wage or salary and then required personally to pay all the levies which are now lumped under one process of deduction. There would then be less excuse for the persistent but mistaken idea that the government pays out of some nonexistent resources of its own for aid to Hottentots, for a large variety of schemes designed to combat poverty (no one of which remotely approaches in efficacy the decision of a poor person, if unemployed, to look for a job, or, if holding a low paid job, to train himself for something requiring more skill), for Medicare and other provisions of social welfare legislation. The money for all these numerous forms of government spending comes directly out of the pockets of the people. If this fact were more generally known, as it would be if the taxpayer had to pay out the claims of the various taxing agencies after he had the feel of a full salary check in his pocket, public appraisal of legislators who are prodigal and of those who are economical with public money would probably be radically different from what the polls have been showing.

The Growing Burden

Fifty years, or even thirty years ago the American citizen was regarded as having done his duty if he took care of himself and his family and made reasonable offerings to religious, charitable, and educational projects of his choice. No one expected him to play the Atlas role of assuming responsibility for curing poverty in Africa, Asia, Latin America, Appalachia, Harlem, Watts, and other slum areas.

The theory had not become popular that, unless the richer nations of the world, with America

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at their head, somehow subsidized the economically retarded peoples of the southern hemisphere, not through the normal methods of trade and investments, but through direct handouts of one kind or another, the peace of the world would somehow be endangered. This theory leaves out of consideration the fact that modern history records no case of a war started by poor, economically backward peoples against more affluent powers — and for a good and obvious reason. A people must be fairly affluent before its rulers can develop the expensive weapons of large-scale destruction that are dominant in modern warfare.

Now, the American taxpayer is required to shoulder burdens of which his grandfather never dreamed, which his father felt in much lighter degree. He is supposed to pay for defending democracy in countries where most of the people do not understand what the word means, for combating famines which recur with monotonous regularity as a result of climatic, social, and economic conditions over which he has no control, for keeping a stream of aid flowing to countries of which some, so far as their governments are concerned, are clearly hostile to this country, on occasion stirring up mobs to attack our embassies and other installations, in one case, in defiance of all the rules of civilized diplomacy, placing our ambassador under house arrest.

Our Strange Behavior Toward Friend and Foe

Indeed, our current policies in Africa seem to be in curious inversion of the normal responses to friendly and hostile behavior. We are meek as lambs when our citizens are arrested and expelled, our flag insulted, our embassies and reading-rooms invaded and sacked by riotous mobs. But we eagerly associate ourselves with sanctions and hostile declarations in regard to two countries which have always maintained friendly and correct relations with us and which maintain far better conditions, as regards standard of living, and peaceful and orderly living conditions, than a number of African lands which are torn with savage tribal feuds and which have suffered clear retrogression since independence was, perhaps overhastily, established. The two countries are, of course, South Africa and Rhodesia.

Our representatives in the UN, as they blithely vote for sanctions against Rhodesia and for a resolution setting this country on a collision course with South Africa about the mandate over Southwest

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Africa (an issue that is emphatically none of America's business), seem oblivious of the lessons of the Congo and, more recently, of Nigeria. Suppose we could, by sanctions or threat of sanctions and military force, bring down the two most efficient and prosperous regimes on the African continent. Would the conditions that would follow necessarily be to our national advantage or liking? Here is a practical illustration of the disadvantages of our membership in the UN. Before that organization existed, Americans, as individuals, were free to hold any opinions they chose about the racial franchise in Rhodesia, or the desirability of South Africa's administration of Southwest Africa, or the theory and practice of *apartheid* in South Africa. But the United States government would have taken no official stand, would not have involved itself in unnecessary quarrels and complications.

Now, the supposed necessity of conciliating the artificially swollen bloc of new African nations in the UN Assembly (a bloc of which the voting strength is in grotesque disproportion to the political, economic, and educational development of its members) leads the United States representatives in the UN to seek such quarrels and complications – out of which new financial burdens and responsibilities may grow.

Domestic Welfarism

There is just as little prudence, just as little promise of relief for the overburdened taxpayers in domestic policy as in foreign policy. The 89th Congress, which has now passed into history, earned the doubtful distinction of being the "spendingest" Congress in American history, at least in a time of nominal peace. And most of its spending was not connected with the hostilities in Vietnam, but with a host of schemes calculated to pillage the thrifty for the benefit of the thriftless. HEW, the Department of Health, Education, and Welfare, has grown from modest beginnings into an empire disbursing 30 billion dollars annually, and completely incapable of administering its numerous and complex functions efficiently. To quote James Reston of *The New York Times* on the record of the 89th Congress:

> In its first 174 years the Congress of the United States voted $5.8 billion in Federal funds for education; in 1965-66 alone the 89th Congress voted $9.6 billion. The first 88 Congresses voted approximately $10 billion for health since the establishment of the Public Health Service in 1798; in the last two years the 89th Congress has voted $8.2 billion for health, includ-

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ing Medicare, almost as much as in the previous 166 years. And the record of most of the social and economic innovations of the 89th Congress follows the same pattern.

Now it would be absurd to suggest that the United States was seriously lacking for either education or health before the 89th Congress went on its spending spree. This country was a pioneer in providing education for all its children and has long led the world in the proportion of its young men and women enrolled in colleges. Nor have Americans suffered from neglected health.

Loss of Local Control

What has changed is that much power and emphasis has shifted from elected school boards, responsive to the feelings of their community, to a distant irresponsible bureaucracy in Washington; and the simple human patient-doctor relation of the past has been fuzzed up by the intrusion of an enormous official apparatus, smothering patients and doctors alike in an avalanche of questionnaires and red tape.

Most economists agree that the heavy increase in government spending during the last years is a cause of the inflation which has touched off boycotts of stores and other protests. And inflation is another cause of the gap between what a man is supposed to earn and what he receives in real values. He may be receiving the same number of dollars, even a larger number of dollars, in his pay envelope. But if those dollars buy less, the effect is much the same as that of the ever-growing bite at the pay check, represented by taxes and social security levies.

Finally, the American taxation system, especially on the Federal level, is heavily weighted against the individual who does not like to be dependent on state handouts and would rather provide his own and his family's social security. Three points should be borne in mind in this connection.

Inequitable Taxation

First, the Federal income tax is levied on a steeply graduated basis. In most countries the weight of taxation is more or less evenly distributed between direct and indirect forms of levy. No form of tax is pleasant; but direct graduated taxation bears much more heavily on savers than do sales or excise taxes. The Federal income tax, therefore, has a strong leveling effect and sometimes makes the gap between what a man earns and what the state allows him to keep almost grotesque, as graduation advances rapidly in the upper brackets.

Second, there is a gross and

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palpable injustice in the practice of taxing the same source of income twice, once when it is earned by a corporation, again when it is received by the individual stockholder in the form of a dividend. For a time, a slight abatement on income tax was granted in recognition of this injustice; but even this has now been abolished. So, income that has already been taxed at the rate of almost 50 per cent as corporation income is taxed again at individual income rates when it is received by the stockholder. In the case of persons in high income tax brackets this means that the government, with two bites at the same revenue, may take 75, 80, or even 90 per cent of net income which it has assumed no risk in earning. If this is not socialism, it is something pretty close to it.

Third, there is the capital gains tax of 25 per cent on any profit earned from selling a stock or piece of tangible property at a higher price than the owner originally paid for it. This form of taxation implies both an injustice and an economically undesirable consequence. The injustice is that the "capital gain" often barely or insufficiently compensates for the loss which inflation has inflicted on the stock or property. The owner would only be even with the game if he sold a stock held for the last twenty-five years at two and a half times the price he paid for it. The undesirable effect of the capital gains tax is that it "locks" the investor into certain holdings and takes away from the market the desirable element of liquidity.

Taxing the Middle Class Out of Existence

A former Commissioner of Internal Revenue, Mr. T. Coleman Andrews, familiar from his office with the many inequities and the well-nigh hopeless complexity of the system, voiced this heartfelt appeal to members of Congress some ten years ago:

> Whether you believe it or not, everybody is being overtaxed and the middle class is being taxed out of existence. Thereby the nation is being robbed of its surest guaranty of continued sound economic development and growth and its staunchest bulwark against the ascendancy of socialism. We, who somehow have managed to hold on, finally are beginning to see the shameful extent to which we have been made the special victims of rapacious tax enactments — and we don't like it. . . .
>
> High rates of tax don't mean anything when there isn't anything to tax.

What with ever-growing withholding from wages and salaries, inflation, and outrageously high

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leveling rates of taxation by the Federal government and by many states, the prospect that the individual will be able to retain a reasonable share of what he earns is pretty dim. But so long as we possess basic freedoms of election and expression, all is not lost.

Experience is a good teacher, and as people become more accustomed to living in a mare's nest of obstructive bureaucracy and seeing hard earned money vanish in the smoke of withholding, inflation, and oppressive taxes, a strong surge of revolt may build up. What is most necessary is to educate, educate, educate. Two lessons that should be driven home in season and out of season are:

That government bureaucracy will always deal with any social problem more slowly, wastefully, expensively, and incompetently than the private agencies which it seeks to supplant.

That, when government lightly proposes to spend tens of billions of dollars for some utopian scheme, it is not spending "its" money, but yours, and mine, and our next-door neighbor's. ◈

FOLAS OF LIBERTY

Two Ways

SEVERAL MONTHS AGO, the Federal Government announced that it was going to conduct a sweeping investigation of the operation of American Telephone & Telegraph. The natural assumption of the public was that the Federal Government believes that profits, and rates perhaps, of this regulated utility are too high. The result of this investigation is that the price of A. T. & T. stock has dropped precipitately, and three million A. T. & T. stockholders are *worried*.

A. T. & T. *does* make a huge profit, but it needs these profits to plow back into expansion of plant and equipment. We have the best telephone service, at the lowest cost in the world, in the U.S.; but, this doesn't restrain powerful bureaucrats from attacking A. T. & T., which is a model of efficiency under private ownership, while our publicly owned post office loses over 800 million dollars a year.

ROSS ROY, "Can Detroit Be a Leader in Freedom of Enterprise?"

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INVESTING IN YOURSELF

ROBERT C. TYSON

LAST YEAR I took a trip through South America, and I witnessed much of a continent in ferment and in a quandary. I saw firsthand the ravages of runaway inflation on the social fabric. I heard officials, bankers, professors, and businessmen wonder out loud on how to stop inflation and transform social unrest into economic development – into a speed-up of economic growth.

The problem was crystallized at a conference on economic development that I attended. A member of the conference rose to his feet and addressed the gathering, stating: "At times we seem to be trying to grow forests while forgetting the nature of the tree."

Somewhat surprised, everybody in the audience turned to the speaker.

"Why don't we realize that we can only move an economy forward when we get the individual to move forward? Without him," he continued, "we move backward."

This set me to thinking about self-development and economic development, about the role of the individual in the oftentimes elusive art of nurturing economic growth – of achieving a sustained rise in the creation of goods and services – a problem common to all countries, to every type of political economy.

Economic growth is no idle phrase; although but a part of the so-called dismal science of economics, it is one of the most powerful forces in the sweep of current events.

Kings, presidents, generals, and

Mr. Tyson is Chairman of the Finance Committee, United States Steel Corporation. This article is from his address at Samford University, Birmingham, Alabama, August 27, 1966.

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even dictators worry about it because no society can be great unless its productive power is unleashed.

Yet the very word "growth" can be misleading, and too many of us may be mesmerized into thinking that it is more or less biological if not automatic, that it can be fertilized, seeded, cultivated, and harvested like so many acres of wheat or cotton, that it can be simply planned from above and ordered into existence, that it can even be accelerated through – presto –revving up the money press.

Only When Free . . .

So we sometimes lose sight of the fact that economic growth, even in a closed society like communism, is an intensely personal matter, that it rests heavily on human psychology, on individual motivation, on voluntary choices. We forget that printing-press inflation is an affront to the individual, a delusion that steals away his savings and corrodes his sense of dedication to work and thrift. Above all, we overlook the essential fact that only when the individual is free can he be fully productive and creative, that society and all social institutions, including the church, government, university, and corporation, live and think and act only through the individual.

But, like "growth," freedom also seems to me to be not always understood. Many Americans, for example, seem to hold that freedom is a grant of government, forgetting that our Declaration of Independence holds that all men are "endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness." If liberty were not so endowed, then what government could grant, government could also take away.

Indeed, the genius of the Founding Fathers was their realization that government is most fallible when it comes to usurpation of freedom, that men in public office should not be blindly trusted, that the American government therefore had to be, through the Constitution, strictly limited in its powers, subjected to checks and balances, and expressly prohibited from infringing on the endowed freedom of the individual. Ours was to be a government of law, not of men. And thus does the Bill of Rights seek to confirm liberty under law.

Again, quite a few of us appear to believe that while free speech, free press, free assembly, and free exercise of religion are thoroughgoing freedoms, free enterprise is somehow an exception to the rule. I call your attention to the

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growing grid of so-called "voluntary" controls in the guise of guidelines and guideposts.

Importance of the Individual

I believe, in other words, economic growth flourishes under freedom, under responsible citizenship and government, under individual growth. I believe individual growth stems from the individual's ability to serve, from his dedication to service, and from the raising of his sights on his aspirations and possessions—incentives, if you will. And I believe individual incentives are indispensable to growth in a free society and, as the manifold problems of communism prove, in an unfree society as well. Ironically, the individual in communist societies, under a philosophy of materialism, loses both material well-being and freedom. As Adam Smith, that canny Scotsman, father of modern economics and, incidentally, professor of moral philosophy, noted almost two hundred years ago: "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest." In brief – responsible self-interest. And thus does the public interest in economic growth involve the lawful private interests of individual growth.

I believe, in short, the social good is advanced through the individual's free but responsible "pursuit of Happiness." So my philosophy for growth comes down to social growth through economic growth, economic growth through individual growth, and individual growth and individual fulfillment through self-investment and self-discipline.

Capital Formation

To be sure, textbooks and economists treat capital formation – adding to the total capital stock of a country – as the road to economic growth. This is true, as far as it goes, but it doesn't go far enough for, again, such thinking can lose sight of the individual tree for the forest. Capital formation is indeed at the center of economic growth, but individual growth and individual investment are the foundation of capital creation. Thus, when we speak of an investment in an industry or in a country, we speak directly or indirectly of investing in people, in the individual. The individual, as a saver, is the beginning of investment; he, as an investor or consumer, is the end purpose of investment. In a free society, in other words, capital investment is of the people, by the people, for the people – or, more accurately, of the individual, by the individual, for the individual.

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Now, who is this mysterious individual to whom I allude? He is a very unique being – he is each one of you. When you as an individual have confidence in the future, in the purchasing power of your money, in the inviolability of contracts and property – in short, in the climate of investment – you will very likely work harder and save more. You may even directly commit your savings in an investment and share the ownership of enterprise. With these acts of working, saving, and investing, the wheels of economic growth begin to turn and the economy moves ahead.

So far so good. Yet the road to economic growth is usually not so simple, nor so smooth. Self-discipline is called for. Work involves energy, time, wear, and tear. Saving involves forbearance, abstinence, doing without. Investing involves risk, uncertainty, the possibility of loss.

But along come soothsayers and some of those cloaked in political power who proclaim an easier way, an easier life, instant or near-instant wealth, welfare, and security. They argue: Let's take care of the individual, for he's not responsible for his shortcomings; society is to blame. Let's spend ourselves into prosperity. Let's forget savings, for thrift can be antisocial. Let's run up the public debt, for we merely owe it to ourselves. And, let's not worry too much about inflation, for it is the price of economic growth.

This siren song is heady; the ballot box becomes a short cut to paradise.

Of course there is a catch to this catchy tune – in fact, a lot of catches fraught with delusion and with losses of liberty. So, to me, the great economic question of the day ought not to be: How can we maximize our security and growth? Rather it ought to be: How can we maintain our liberty and hence our growth? For in liberty, in the Constitutional design of free choice in America, we have the mechanism for motivating the individual, for achieving economic growth and hence genuine economic security, along with the opportunity to preserve and advance freedom.

A Time of Testing

But I believe liberty is being tested as never before in America. I believe that our faith in free institutions is being tried. Campus rowdyism is giving many a college president a hard time. Rioters in our streets are beleaguering many of our major cities. Lobbyists and special interest groups demand all manner of handouts from the government – local, state, and especially Federal. In

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the name of welfare and security, the demands are for more and more – not tomorrow but today. These demands strain the body politic – and economic – and erode the foundations of our liberty. The hope of government-provided welfare and security seems to have become a widespread obsession. Have we lost the lesson of how shortsighted was the welfarism of "bread and circuses" in ancient Rome? Did Benjamin Franklin have many of us in mind when he wrote: "They that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety"?

To these questions I would only add the thought that liberty is not an abstraction; it is an intensely individual concern. It is also, as I have said, a social concern. Individual growth and social growth are as one; individual responsibility and social responsibility are also as one. Hence, I see freedom, responsibility, and growth as a three-way evolving process.

To me, freedom and its preservation imply personal responsibility which, in turn, implies self-discipline. Unless we discipline ourselves, there is danger that a Big Brother may do it for us. Responsibility, in other words, cannot be casually shuffled onto the government. Responsibility means caring about others as well as caring for one's self. It means responsible self-discipline in the form of voluntary associations of individuals caring about other individuals. It does not mean further delegation of health, education, and welfare to the government which is to delegate excessive, and perhaps corruptive, political power.

Limits on Government

We should understand, then, that while government is necessary for law and order, that in proportion as we give government power to do things *for* us, we give it power to do things *to* us. Indeed, we should understand that the result of maximizing security via government is a maximizing of loss of individual freedom.

Hence, I believe we must discipline ourselves in the demands we put upon government. To the maximum extent possible we should "do it ourselves." We should realize that gains in national production originate with gains in individual production. We should realize that production and freedom have a common price: responsibility, work, forbearance, self-investment, self-discipline.

And I believe that each of us must discipline himself to think through and resist the temptations of the soothsayers – temp-

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tations which undermine both the incentives and the independence of the individual. For example, we hear:

"Reduce hours, spread the work, and prevent unemployment." This is a tempting but shallow and socially costly demand. There is no fixed lump of work to be done. The work to be done is infinite and to the extent that each of us works less, less is accomplished. And time, after all, is relative – the fact that people worked twelve hours a day around the turn of the century is called economic slavery; the fact that some people currently work fourteen hours a day on two jobs is called moonlighting.

"Regulate job-destroying automation" is also suggested. This one has a certain specious plausibility. But automation is the new war-cry of all those who have falsely believed in technological unemployment all the way back to the machine-smashing Luddites of early nineteenth-century England. The current labor shortage testifies eloquently to the fallacy of this argument which leaped into prominence several years ago. Automation and machines realign and expand employment opportunities, increase the employee's productivity, and raise everyone's living standards.

"Curb profits and raise wages" is another cry. But profits are the spark plugs in the engines of enterprise. Curbing profits would thus curb enterprise and hence wages. Indeed, without profits there would be no private enterprise and no private wages whatsoever.

"Restrict private affluence" is a popular theme. This thought attacks income inequality and wealth accumulation and carries the implication that, as in communism, we should all share and share alike. The argument, however, flies in the face of realism, of the diversity of skills and talents, of the need for individual incentives, of the fact that in a free society the consumer rewards in proportion to the contribution that each of us makes to production.

"Expand public welfare" has much hasty appeal. This demand, sometimes predicated on a so-called "starved public sector," carries the pretension to some of our citizens that greater welfare is without injury to the private sector. Here it should be remembered that government cannot give unless it first takes away, that excessive welfare can warp the incentive to work of both the individual who receives it and of the individual who pays for it, that it can consequently stunt economic growth.

"Put human rights over prop-

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erty rights" is another bit of false logic. Of course property has no rights, but property-holders do. And no individual can exist without property – food, clothing, and shelter. Without private property the individual would have to turn to government for sustenance – and so surely surrender his freedom. Human rights are not extended by denying property-holder rights. On the contrary, human rights and dignity are promoted by helping the property-less individual to help himself, to teach him marketable skills so that he can acquire property on his own and attain independence.

Economic Growth Depends on Responsible Individualism

Let me conclude, then, that the key to economic growth is the free individual, that true freedom cannot exist without personal responsibility, that without such responsibility liberty becomes license and transgresses on the freedom of others – license and transgression, in other words, by both individual and government.

Again, freedom involves choices – critical choices; and choices involve consequences – critical consequences. Consider some ramifications of freedom:

Freedom to choose your leaders in public office.

Freedom to choose your friends and associations.

Freedom to choose your way of worship.

Freedom to choose your career and where you work.

Freedom to choose how you will utilize what you own and what you earn – whether to save or to spend, whether to invest or to consume.

Yet each of these choices cuts more than one way. With the political choice, for example, you can vote for the candidate who promises that he will work to preserve our liberty. Or you can vote for the candidate who promises "pie in the sky."

I am convinced the "pie" here and now will be bigger and our liberty safer as we invest in ourselves – and discipline ourselves– to better serve others. ◈

IDEAS ON LIBERTY

Beware of Enslaving Others

WHAT YOU SHUN enduring yourself, attempt not to impose on others. You shun slavery – beware of enslaving others! If you can endure to do that, one would think you had been once upon a time a slave yourself. For vice has nothing in common with virtue, nor freedom with slavery.

EPICTETUS

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Political Dreams

MEN can dream, can't they? And, while they are about it, they might as well dream about a political future that would restore to us our individual dignity and freedom to own and act. We need parables to tell us that the libertarian philosophy has regenerative power, and that we aren't necessarily destined to become a world of ants or bees, each of us assigned for life to our little place in a communistic heap or hive.

Two good men have dreamed recently about a forthcoming dramatic shift in American political behavior that will save us from the hive. One of them, Allen Drury, is an old hand at writing political fiction. His latest novel, *Capable of Honor* (Doubleday, $5.95), is the third installment of what has been projected as a tetralogy. Once again we meet old political and diplomatic heroes and villains who made Mr. Drury's *Advise and Consent* and *A Shade of Difference* such memorable stories of crises in Washington, D.C., and in the outer world.

The other political dreamer is Holmes Alexander, one of our more lively conservative newspaper columnists. His novel, *The Spirit of '76* (Arlington House, $6.00), follows the same basic pattern that forms the groundwork of Mr. Drury's *Capable of Honor*, for each story is built around the flummoxing of modern collectivist "liberals" by a strong president of libertarian bent who happens to be in the White House because of the death in office of a predecessor.

Like Mr. Drury, Mr. Alexander has written an installment in a series, for two characters who appeared in Alexander's collection of short stories about Washington political life, *The Equivocal Men*, are with us again in *The Spirit of '76*. One of the characters is Calvin Borton, the "liberal" scandal-mongering columnist; the other is his conservative opponent, Phil Obermeister, a decent fellow who has

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a hard time selling his stuff to an opinionated "liberal" press. Together these characters give the reader a running commentary in piquant counterpoint on what happens in Mr. Alexander's spirited dream tale.

The Role of the Press

Of the two novels, Drury's *Capable of Honor* has the more professional finish. Like its two predecessors in the projected tetralogy, it makes canny use of contemporary parallels, taking bits and pieces of living people and recombining them to form new, but instantly recognizable, human beings.

Everything that Mr. Drury writes is courageous, but *Capable of Honor* is the nerviest thing he has yet done, for this novel takes the whole mass communications industry in the United States for its collective villain. The leader who gives the signals to newspaper, magazine, radio, and TV in *Capable of Honor* is a portentous columnist named Walter Dobius, more familiarly known to his old colleagues as "Walter Wonderful." He is not basically an evil man, for he believes in what he is doing. But he does evil with an utterly humorless inadvertence, for he can't conceive that there should be an elementary fairness even on the front pages in the presentation of news as such. Walter Dobius thinks there is only one side to any given story, and that side is the one that grows from his own "liberal" bias.

So, when "good old Harley Hudson," who has become President of the United States after seven frustrating years in the Vice-Presidency, actually stands up to the communists when they massacre American citizens and burn Standard Oil installations in far-off Gorotoland in Central Africa, Walter Dobius takes it as a personal affront. His advice would have been to let the UN "negotiate" with a bunch of bush communists who had illegally seized the power in Gorotoland with the undercover help of Soviet Russia and Mao Tse-tung's Red China. And, when Moscow and Peking compound their mischief by touching off a seizure of the Panama Canal by "local patriots," thus putting the U.S. into two small wars some eight thousand miles apart, Walter Dobius considers it as a sign from the Deity that Harley Hudson must be punished for his refusal to give in to the communists in the first place.

Harley Hudson is a character that has been synthesized by taking a snippet of Harry Truman, a goodly portion of Lyndon Johnson, and large elements of Barry

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Goldwater, and whirling them all together. But the Hudson personality rings true for all of the oddity of the mixture, for it is the "old American" parts of Truman, Johnson, and Goldwater that are here. Hudson's embattled Secretary of State, Orrin Knox of Illinois, is one part John Foster Dulles, one part Bob Taft, one part Paul Douglas, and one part Karl Mundt, which is to say that he is a man to be trusted when the old-fashioned honor of the United States is involved.

But the new word with Walter Wonderful and his crowd is peace. It is the old story of Winston Churchill and Neville Chamberlain, told over again in American terms. But Walter Dobius and his TV friend, the Big TV Chain "anchor man," Mr. Frankly Unctuous, can't see the Munich analogy in Gorotoland, or the partitioning-of-Poland parallel in the communist connivance to "share" the Panama Canal with a local stooge, Felix Labaiya, who has been Panamanian Ambassador to the United States.

When he succeeded to the Presidency through the death of his predecessor, Harley Hudson promised his old colleagues on Capitol Hill that he planned to step aside after completing his term. But when Walter Wonderful and his friends turn virtually the entire mass communications industry into a conspiracy to put Ted Jason, the Governor of California, into the White House, it is too much for "good old Harley" to take. Like other politicians before him, he argues himself into taking an "indispensable man" position and decides to become an active candidate to succeed himself.

Naturally, being the "head of the party" by virtue of his incumbency, he has certain built-in campaign advantages. But he barely succeeds in making it, and the closeness of the shave is what makes *Capable of Honor* the exciting fiction that it is. The day is saved only because one of Mr. Drury's old "villains," the Bob Leffingwell who lied in an earlier Drury fictional panel about his youthful association with the communists, happens to turn "hero" at the eleventh hour, thus delivering crucial New York convention votes to the Harley Hudson column.

There is vast excitement in the way Mr. Drury manipulates everything, and there is much food for thought in it, too. The novel is particularly good in its portrayal of the effect which conniving with underworld violence and lawlessness has on politicians who would do anything to win. It is weakest in its failure to make allowance for the possibility that commu-

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nism in Red China, in Soviet Russia, and in satellite eastern Europe is about to decay from within. But this possibility, which is currently hinted in a hundred dispatches from Hong Kong and Tokyo concerning events in mainland China, never occurs to Walter Wonderful and his gang. They want to temporize and shilly-shally with the rest of the West in the UN because they would in the last analysis rather be Red than dead.

A Principled Decision

Mr. Alexander's story deals with a President, Jerry Chase, who actually does step down in order to keep his word to himself. But, unlike Drury's Harley Hudson, Alexander's mythical President has already succeeded in creating a "Chase cult" that is powerful enough to guarantee a victory for a good American conservative over a "liberal" American of the Finnegan clan.

Where Mr. Drury's White House incumbent wins a victory for his side by using the great powers of his office, Mr. Alexander's protagonist actually succeeds by relinquishing many of the overaggrandized perquisites of the modern chief executive. Thus, President Jerry Chase is more truly in the "old American" grain than President Harley Hudson. But Alexander's "liberal" columnist, Cal Borton, is far less of a menace to a good libertarian American future than is Drury's Walter Dobius. In stooping to conquer, Harley Hudson does what he has to do.

Mr. Alexander's novel is even more frankly a dream than is Mr. Drury's, for it involves revulsions in the contemporary American character that are more instantaneous than those which Mr. Drury writes about. The world moves swiftly in Mr. Alexander's happy prose where its tread is more hesitant in Mr. Drury's vision of what is in the cards for the day after tomorrow. But both novels are good bracers for libertarians who are suffering from a loss of nerve. ◈

▸ THE PLAY WITHIN THE PLAY: THE INSIDE STORY OF THE U.N. by Hernane Tavares de Sa (New York: Alfred A. Knopf, 1966) 309 pp., $5.95.

Reviewed by William Henry Chamberlin

AN INSIDER in a world organization naturally sees most of the game. Especially when the insider is as urbane, as sophisticated, and as free from propaganda clichés as the author of this book, a Brazilian former Undersecretary for Information at the East River head-

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quarters of the United Nations. Mr. de Sa has quit the organization and distributes his bouquets and brickbats without fear or favor and with a pleasing absence of inhibitions.

One could hardly ask for a more readable guidebook on what makes the U.N. wheels revolve, on the hectic U.N. social life, with an average of two cocktail parties a day. The rules for these parties are outlined in lively fashion; the reader is initiated into methods of gathering diplomatic information, of unloading bores on wives, on observing such taboos as not creating mixes of Israeli and Arab delegates, or throwing a South African representative into close contact with representatives of black African states.

Some of Mr. de Sa's observations are on the social column gossip side; but he can be quite serious when the situation demands. He strengthens the misgivings of many Americans about their country's timid role when the Hungarians struck for freedom in 1956; in his opinion, the Soviet leadership was undecided about the advisability of all-out intervention to crush Hungary and a firmer American attitude, with some appropriate military gestures, might have tipped the scales in the right direction.

He is vigorous and forthright in his condemnation of U.N. action in using its expeditionary force to crush Moise Tshombe's autonomous regime in the Congo, a stupid move in which the United States unfortunately cooperated and concurred. He notes that this venture had no justification under the Charter, brought the U.N. to the brink of insolvency, and made any future similar operation unthinkable, tartly summing up:

> So the Congo episode might turn out, after all, to have been a useful lesson. Still, at ten million dollars a week (the sum the U.N. was spending on its military and civilian operations) Congo College charged the U.N. a stiff tuition for its education.

As a general rule, with one important exception, the Brazilian ex-official of the U.N. displays a refreshing and often humorous quality of hard-boiled realism in distinguishing the men from the boys, the few genuine powers from the many phonies. He seems to go astray, however, in suggesting that the U.N. serves the interests of United States foreign policy. Just the reverse is the case.

This is most clearly illustrated by the way in which America's representatives at the U.N. have let themselves be dragged along by African states into provocative positions toward Rhodesia and South Africa, two countries with

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which the United States has no ground for hostility whatever. Were there no U.N., it is scarcely conceivable that the United States Government would have participated in sanctions against Rhodesia, which, unlike some recipients of American bounty, has never insulted the American flag, burned down United States installations, and made life unsafe for United States diplomatic personnel. Or that it would have struck a crusading pose on such an issue as the South African mandate over Southwest Africa, or *apartheid* in general.

But, this one blind spot aside, the author gives a spirited and highly readable account of the way in which the passengers in the East River Noah's Ark fight and play and generally behave themselves. ◈

▸ THE FIRST NEW DEAL by Raymond Moley, with the assistance of Elliot A. Rosen (New York: Harcourt, Brace & World, 1966), 577 pp., $12.50.

Reviewed by Mary Jean Bennett

FOR AN INSIGHT into the New Deal — and if the past is prologue, an outlook for the Great Society — one could scarcely do better than read Raymond Moley's masterful *The First New Deal.* Moley, now a columnist for *Newsweek,* was the Columbia law professor who gathered together in 1932 and for a number of years directed the famous "Brain Trust." This was an early think tank that included such figures as Rexford Guy Tugwell and Adolf A. Berle, Jr., and that funneled policies and speeches to Franklin Delano Roosevelt and helped frame the social revolution known as the New Deal.

To Moley, schooled on the Progressive Movement, on "progressives" like Henry George and Charles Beard, the Great Depression called for pragmatism — bold approaches to solve the cruel problems of industrial stagnation: bank failures by the thousands, unemployment in the millions, factories operating at a fraction of their capacity, home and farm mortgages being foreclosed at a rate never before witnessed in the country.

Moley was attracted to the New York governor by FDR's "pragmatic optimism," which was "marvelously effective because it was so contagious." Again, FDR's "activism was a correlative of his optimism and his love of experimentation." In one of his first assignments as a speech-writer, Moley inserted the phrase, "the forgotten man," into an early FDR 1932 campaign address. The phrase was lifted from William Graham Sumner's famous essay of that title. But Moley and FDR used it in an

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entirely different sense. The phrase caught on; Moley was in.

He witnessed history – and helped make it. He gives inside accounts of the sweeping 100 Days beginning in March, 1933, and of the London Economic Conference beginning in July, 1933. But slowly disillusion set in; the vision of economic recovery in a free society receded; desperation and radicalism gained ascendancy. FDR's acceptance speech to the 1936 Democratic Convention triggered Moley's break with FDR.

Moley had a hand in the speech draft and in fact supplied the phrase, "rendezvous with destiny," but he was dismayed by the excesses that crept into the draft via other "ghosts": denunciations of "economic royalists," "new mercenaries," "concentration of control," "privileged princes," and "economic dynasties thirsting for power." This was not the FDR of 1932 and earlier; this was not the man who had accepted the Democratic nomination for President in 1932 with the words:

> We must eliminate unnecessary functions of Government—functions, in fact, that are not definitely essential to the continuance of Government. We must merge, we must consolidate subdivisions of Government, and, like the private citizen, give up luxuries which we can no longer afford.

Nor was this the man who had run on the 1932 Democratic Party plank:

> An immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus and eliminating extravagance, to accomplish a saving of not less than 25 per cent in the cost of Federal Government, and we call upon the Democratic Party in the States to make a zealous effort to achieve a proportionate result.

In short, by 1936 Moley was fed up and soon submitted his resignation. In 1939 he published his critical memoirs, *After Seven Years*. The metamorphosis was pretty complete. His teacher, Charles Beard, apparently went through the same cycle and Moley writes that "Beard and I had many conversations in his later days, in the 1940's, and perhaps he and I both went through a change in which we re-examined all of our earlier preconceptions."

So it came to be that Moley, a champion of reform, found that centralization can lead to excess, that there was truth in Acton's thesis on the corruptibility of power, that he felt more at home in the Republican Party for whose Presidential candidates he worked long and hard, from Wendell Willkie to Barry Goldwater. ◈

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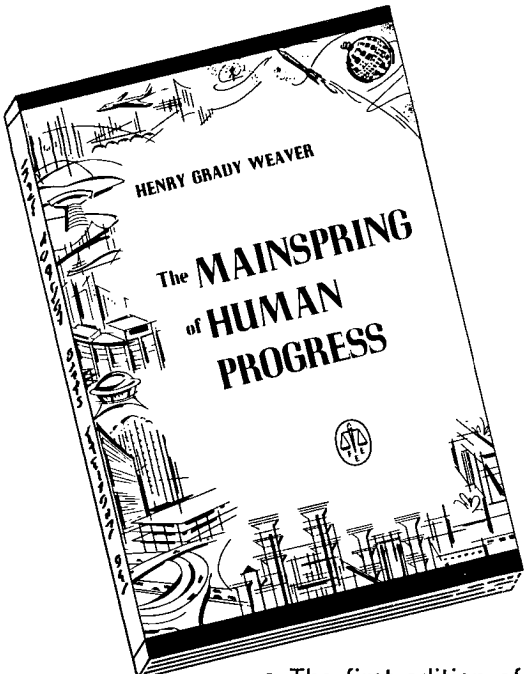

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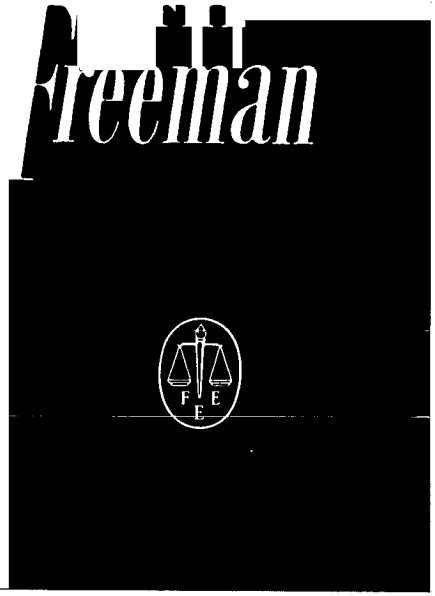

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